



DIRECTOR



national film and video foundation  
SOUTH AFRICA

an agency of the  
**Department of Arts and Culture**

Annual Report 2012



national film and video foundation  
SOUTH AFRICA





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## NATIONAL FILM AND VIDEO FOUNDATION

### ANNUAL REPORT 2012

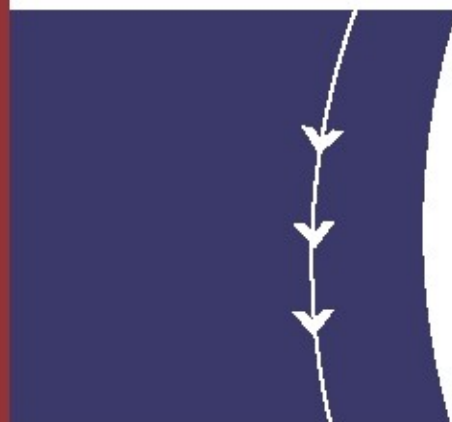


Ms M Ramagoshi  
Chairperson: NFVF

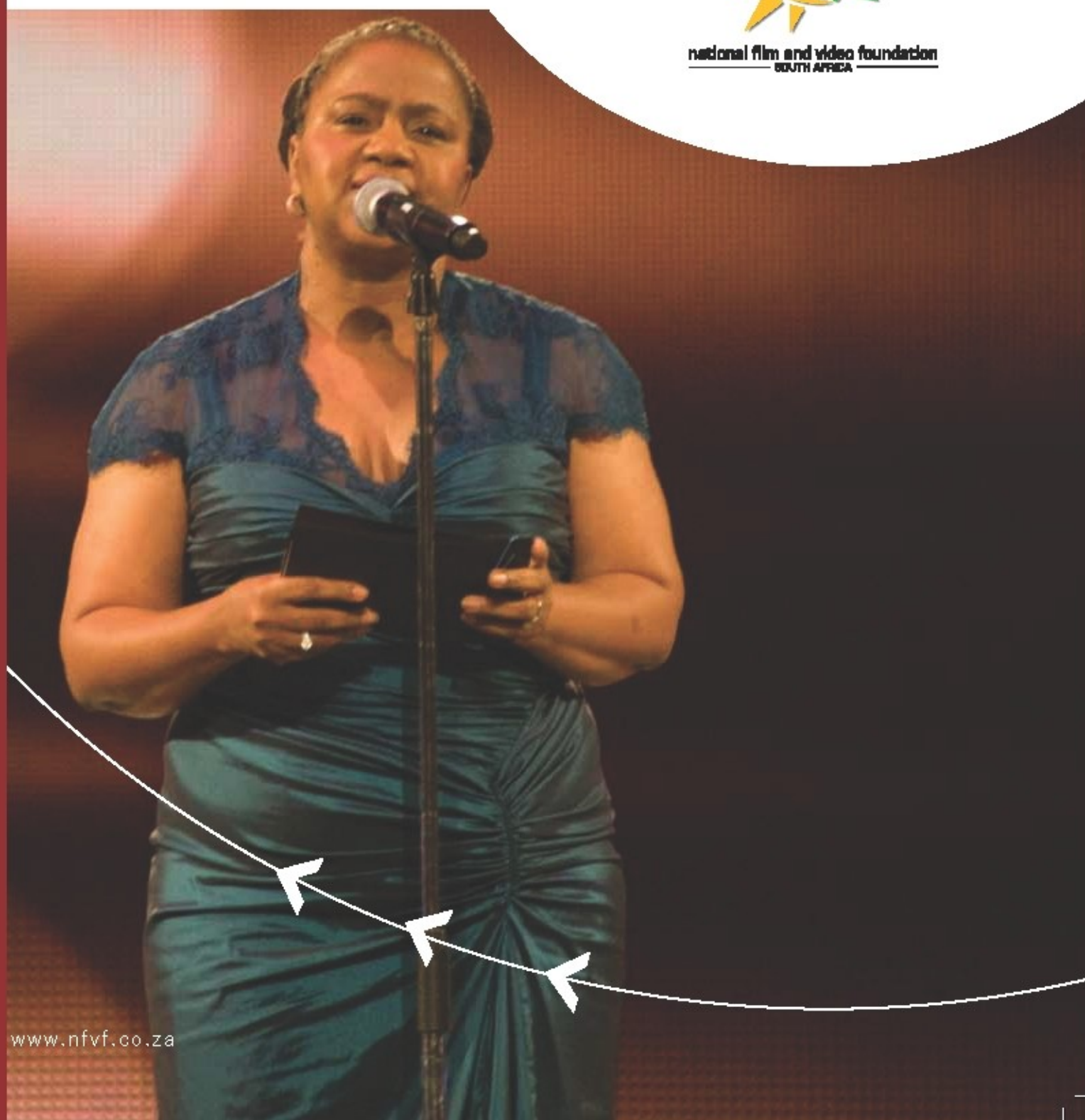


Ms Z Mkosi  
CEO: NFVF

We hereby have the honour of submitting the annual report of the National  
Film and Video Foundation for the year 01 April 2011 to 31 March 2012



national film and video foundation  
SOUTH AFRICA



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## MINISTERS FOREWORD



I take this opportunity to welcome the new Council of the National Film and Video Foundation (NFVF) chaired by Ms Mma-batho Ramogoshi. I further thank the Council for undertaking the responsibility entrusted upon them to lead the South Africa Film and Television Industry.

We continue to look up to the Council to drive the transformation of the Film and Television Industry; ensuring that it benefits all South Africans.

We also look up to the NFVF to provide the necessary platform and support to allow South Africans from across the length and breadth of our country to tell their stories to fellow South Africans and to the world.

In this regard we expect the NFVF to continue strengthening its work of supporting local films and taking local stories to the South African as well as to international markets.

The Department of Arts and Culture will continue to support the work of the NFVF by, among others, signing international film co-production treaties; making it possible for local film makers to partner with their counterparts across the globe, to access additional funding for their projects and to develop further their film making skills.

We are doing all of this bearing in mind that the Industrial Policy Action Plan (IPAP) identifies the film and television sector as one of the strategic sectors of the South African economy. This is not only because of the sector's potential to contribute directly to economic development in terms of employment, investment and exports, but also because it has a range of significant spill-over potential.

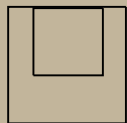
The work we are doing in the film and television sector is also in line with our understanding that film and TV play a significant role in the promotion and preservation of cultural values and heritage, in building social cohesion and an empowered citizenry.

We will therefore continue to strengthen our efforts to position the film and television sector at the centre of our approach to grow the contribution of the creative and cultural industries to our national economy as well as in our ongoing endeavours to build a social inclusive society.

We note that the content industry is one of the key growth areas in the world economy and was valued at US\$ 1.2 trillion worldwide in 2003. In 2003 global filmed entertainment was growing at a rate of 9.4% and television at a rate of 6.3%, both in excess of the global entertainment industry, which grew at the average rate of 4.2%.

Yet South Africa's participation in this global growth is minimal and estimates are that the country's share is only a fraction of one percent (less than 0.5%).





## MINISTER PAUL MASHATILE

It is for this reason that as the Department of Arts and Culture we have been working with the Department of Trade and Industry, the Industrial Development Corporation and the National Film and Video Foundation to develop a detailed plan that will increase the contribution of the film and television sector to the GDP.

This includes a review of the National Film and Video Foundation and the establishment of a National Film Commission that will be tasked with developing film centres and strengthening skills development in the sector.

We are also working on audience development to increase the size of the local market as one of our major interventions to support the growth and development of the local film and television sector.

One major challenge facing the development of the film and television sector in our country remains funding.

It is our view that if markets are to be developed and an increase in demand realised, there must be a clear strategy on how an increasing number of quality productions will be financed through the development, production, marketing and distribution stages.

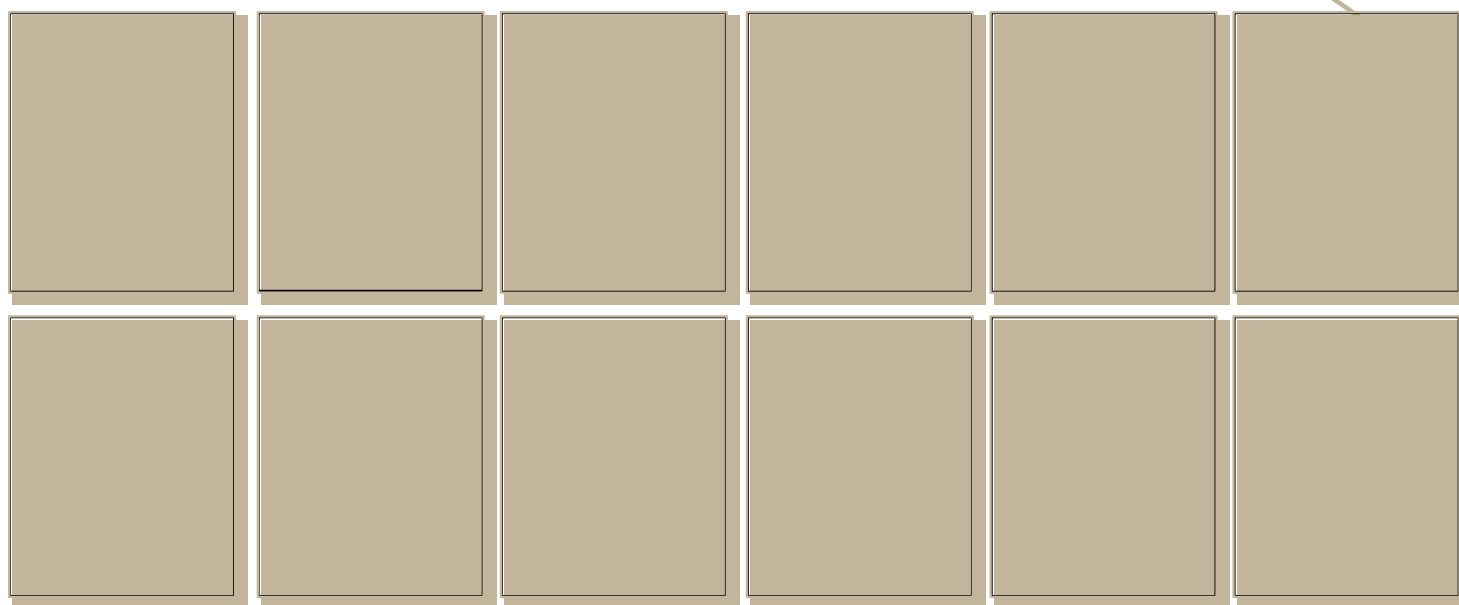
In order to increase funding for our local film industry, a National Film Fund is envisaged.

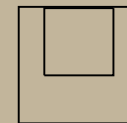
Let us continue to work together towards the goal of building an inclusive, transformed and sustainable film and television sector in our country.

Paul Mashatile

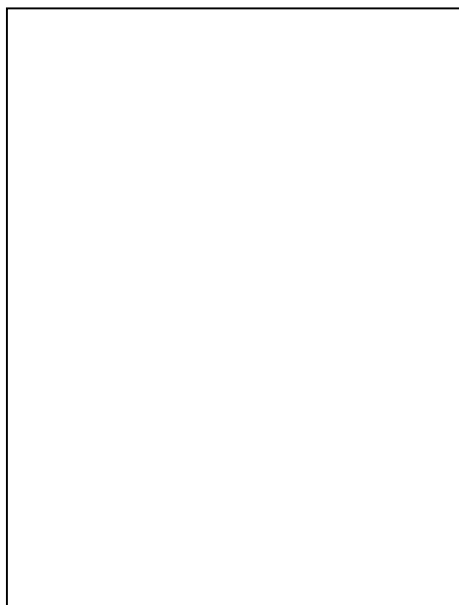
Minister of Arts and Culture

### MEMBERS OF THE NFVF COUNCIL:





## MESSAGE FROM CHAIRPERSON



Once more, the time has arrived when we have to report to parliament and the general South African public on how we have met our mandate for the financial year April 2011 to March 2012. First and foremost, I want to take this opportunity to thank my colleagues on the National Film and Video Foundation (NFVF) Council, the staff at NFVF and the Department of Arts and Culture (DAC). On behalf of the 4th council of the NFVF, I take this opportunity to thank and acknowledge the previous councils for the sterling work they have done in developing the South African film industry. Ours is a monumental task of ensuring that our filmmakers prosper in their endeavours of telling their stories and that social cohesion is achieved in the country as called upon by the honourable minister of Arts and Culture Mr Paul Mashatile. My tenure as the Chairperson comes at a time when the government has recommitted itself to supporting the creative industry, and recognised it as a vital cog in creating jobs and contributing to the GDP. As the NFVF, we continue to ensure that the organisational strategy is in line with

the National strategy for the creative industry - Mzansi Golden Economy.

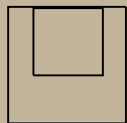
In our efforts to intensify our quest to offer better service to the industry, the NFVF as an organisation, has taken a form of introspection. In the process we have managed to look at how we do things as an organisation and what needs to be improved in order to make sure that we render service efficiently and as broad as possible to the beneficiaries.

South Africa revels as one of the oldest film industries, dating back to 1895, however the industry is still confronted by lack of investment from the private sector. I am pleased to state that the development of Sectoral Information System (SIS) has gathered momentum. With the application of SIS we will be able to collect and analyse industry statistics, develop the correct economic multiplier effect, that will help in quantifying the jobs generated by the film industry and the contribution to the Gross Domestic Product (GDP) and in the process persuade the private sector of the viability and sustainability of the local industry. The investigation into the distribution and exhibition landscape should further assist us as the custodian of the film industry to prescribe policies and interventions that will ensure that our local films are well distributed to the general public and enjoy financial returns from paying audiences.

As we continue to develop and introduce new policies, we believe they will enhance opportunities for all South Africans to access the industry. The Council has introduced a three tier approach to funding to ensure that all levels of filmmakers (from emerging to experienced) are targeted. I am pleased to announce that the consultation process for development of SA film definition is in its final stages and will be ready for the implementation during the second quarter of the new financial year.

In line with our mandate as articulated by Section 3 (e) of the NFVF act no 73 of 1997 "In respect of the film and video industry to address historical imbalances in the infrastructure and distribution of skills and resources", with the increase in allocation from the DAC, during the year under review we have funded a total of 35 projects in development and 31 in production. We also have 3 slate funding projects, a programme that encourages sustainable business growth. This has benefited a wider spread of companies, a majority of whom are owned by PDI's. Furthermore we have struck a partnership with the Industrial Development Corporation (IDC) and the Department of Trade and Industry (DTI) for the production of low budget films. During this financial year, the NFVF granted local and international bursaries to 59 deserving students and with the following demographics, 69% blacks and 37% females.





## Ms M RAMAGOSHI

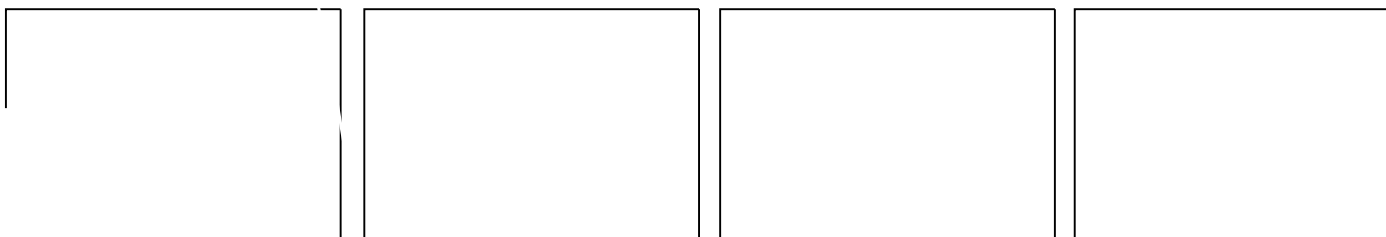
Our efforts to position the South African film industry internationally continued unabated with participation at various international film festivals where Filmmakers engaged with distributors and film financiers from various countries. 9 filmmakers were funded to participate at the Cannes International Festival. We maintained our role in developing the local industry through supporting a total of 7 local festivals, a feat we have continued for the past 7 years. We have also signed a new co-production treaty with New Zealand which will give our filmmakers the opportunity to exhibit and raise finance from that country. International co-productions have proved to be an essential tool for the local industry to pool financing and attract creative talent to and from partner countries to make film products that enjoy the status of national product in each of the respective countries. In the financial year that ended 31 March 2012 the NFVF administered 17 co-productions projects with a total budget of R 706 156 596 and for which our international partners contributed a total of R 399 287 289.

The NFVF has during this period continued with the Sediba Skills Development programme aimed at providing a solid skills base for the film industry to flourish. We celebrated the 6th edition of the South African Film and Television Awards. The Golden Horn, as the SAFTAS are referred to, is aimed at honouring, celebrating and promoting the creativity, quality and excellence of

South African Film and Television talent and productions, and to encourage entrepreneurship and the development of new talent within the industry. We will continue to reward excellence in the industry and we furthermore call upon our partners and stakeholders to join us in honouring our filmmakers. It is not only the responsibility of the NFVF to ensure the success of the SAFTA's but it requires collaboration from practitioners, broadcasters and the entire industry to work together in promoting this noble ideal.

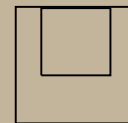
Touching on issues of corporate governance I am pleased to announce that for the year under review the foundation has instituted committees and advisory panels to help us deliver on our mandate and compliance with relevant policies and legislations that ensure that we are in line with our parliamentary obligations. We have also put a formal risk assessment procedure in place which was approved in June 2011. The internal audit plan was also approved in July 2011.

As the NFVF council, we feel privileged to lead the institution and we re-affirm our commitment to guiding both the NFVF management and staff in creating a prospering, flourishing and sustainable South African Film industry and continue with our moral imperative which is "to create facilities for ordinary South Africans to bear influence in the expression of their own images, thereby deepen democracy and create prosperity."









## MISSION STATEMENT

### VISION

A South African film and video industry that mirrors and represents the nation, sustains commercial viability, encourages development and provides a medium through which the creative and technical talents of South Africans are able to reach the world.

### MISSION

To create an environment that develops and promotes the South African Film and Video industry domestically and internationally.

### MORAL IMPERATIVE

It is a national imperative to create facilities for ordinary South Africans to bear influence in the expression of their own image, thereby deepening democracy and creating prosperity. The National Film and Video Foundation strives for this noble ideal.

### VALUES

Creativity

Freedom of expression

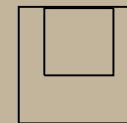
Entrepreneurship

Equitable redress





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## LEGISLATIVE MANDATE

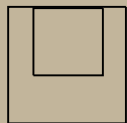
The National Film and Video Foundation (NFVF) is governed by the National Film and Video Foundation Act 73 of 1997 as amended by Cultural Laws Amendment Act 36 of 2001.

The mandate of the NFVF is:

- To promote and develop the film and video industry
- To provide and encourage the provision of opportunities for persons, especially from disadvantaged communities to get involved in the film and video industry
- To encourage the development and distribution of local film and video products
- To support the nurturing and development of access to the film and video industry
- To address historical imbalances in the infrastructure and distribution of skills and resources in the film and video industry

In order to achieve these ideals the NFVF has developed the Value Charter which is the strategic interpretation of the NFVF Act. The Value Charter outlines the following mission critical strategic initiatives:

- Development of a Sectoral Information System (SIS), measure of aggregation and Key Performance Indicators (KPI's) for the film sector
- Demand stimulation and audience development
- Production of local genre and content
- Global positioning of the South African film industry
- Capital formation, infrastructure and facilities development
- Human capital development, education and training
- Establishment of the trading entity in terms of paragraph 27 of the Cultural Laws Amendment Act 36 of 2001
- The NFVF empowerment, talent incubation and funding initiative
- Intergovernmental and stakeholder relations



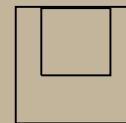
## LEGISLATIVE MANDATE

- The NFVF is finalizing the SA film definition criteria report, a process that has taken three years to complete due to the rigorous consultations and stakeholder engagement that goes with it. Together with the industry the NFVF has been working towards developing a criteria that will define what is a South African film. The criteria consultations are now in its final stages, with the NFVF doing the last consultations in culmination of a criteria document.
- The industry witnessed a new tax exemption coming into effect in January, which would enable and make investing in local film more lucrative. The incentive, under Section 12.0 of the Income Tax Act replaced Section 24F and applies to local productions and co-productions of feature films, documentaries and animations with international productions. The section will benefit more investors particularly co-production countries. Our efforts to make South Africa a global player in the film production saw an additional co-production treaty being signed with New Zealand in October 2011.
- 2012 saw the successful hosting of the 6th annual South African Film and Television Awards (SAFTAS) where film practitioners were rewarded for quality and excellence in South African film and television products.

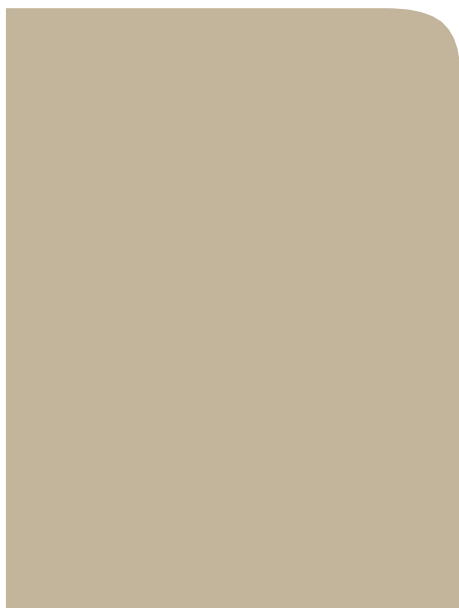
However, we have to admit with these positive achievements in the industry, the film sector is still facing major funding challenges, and this needs to be addressed in order for us to ensure that our world of cinema and moving images revolutionize our local film culture. In the 2011 annual report Minister Paul Mashatile mentions that "The NFVF has a responsibility to ensure that its programmes and support initiatives reach all corners of the country."

It is under this notion that the NFVF launched the Digital Screens Installation project, which will focus on the building of cinemas in previously underserved areas. This process is still on its infant stages and the result of this process will see urban and rural communities having access to local cinema in their own space. The NFVF has also committed and entered into a low budget funding model which focuses on films in the R2,5 to R8 million rand range, in partnership with the IDC, utilizing the DTI rebate as a 3rd partner.

Lastly the NFVF continues to commit to ensuring transformation in the sector. In the 2012/13 financial year the NFVF will be committing R2,5 million in a women slate fund project in efforts of ensuring that women filmmakers are empowered. Our focus is also on emerging filmmakers, who are the future of this industry. Students majoring in animation at various tertiary institutions are currently benefiting from the NFVF bursary scheme.



## ACCOUNTING OFFICERS REPORT - MS Z MKOSI



This marks a new beginning for me as it is my first year as the CEO of the National Film and Video Foundation. First and foremost let me begin by thanking the Department of Arts and Culture and the National Film and Video Foundation Council for the confidence they had in me by entrusting me with the responsibility of heading this institution. I feel much honoured by the gesture.

After 126 years the South African film industry is still confronted by the same myriad of issues such as poor penetration of film products to rural communities and the lack of investment from

the private sector - a legacy we intend to unbundle. This was unambiguously captured by the Honourable Minister of Arts and Culture, Mr Paul Mashatile in the NFVF 2011 annual report when he said "equally we will rely on partnerships with the private sector to join hands with government and invest in the growth and development of the local film industry". However, the scarcity of private investment is still one of the major concerns. The industry needs private business to assist in ensuring that our number of productions triples each year.

As mandated by the NFVF Act, we will continue to undertake the establishment and the development of a South African film portfolio that mirrors the cultural diversity of our country and foster social cohesion. We will intensify our efforts to ensure the creation of facilities for ordinary South Africans to bear influence in the expression of their own image. This we will achieve through continued rigorous training, development and funding of our film and filmmakers, and developing policies that will result in total transformation of the local film industry.

Our concerted efforts to attain our targeted goals, once again strengthening its mandate as a custodian of film, resulted in the following:

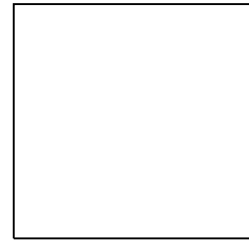
- The National Film and Video Foundation approved the awarding of slate funds to three deserving production companies, each with unique propositions. The fund awarded R1 000 000 per year for development of at least 4 projects and R1 000 000 per year to produce one of the films out of the development slate. This funding will continue for a period of three years.
- The NFVF ran a short film competition aimed at opening doors for young filmmakers' to enter into feature film arena. The filmmakers are currently in their last stage of a series of writing and directing workshops provided to them.
- As we continue to ensure that our local filmmakers are empowered, the NFVF approved funding for 31 projects for production funding and 35 projects for development funding. These projects included features, shorts documentaries and TV concepts. 59 bursaries were awarded to students; 42% black males, 27% black females, 21% white male and 10% white females.

This is in sync with Minister Mashatile's call for working together as articulated during the National Summit on Social Cohesion themed "Working together to create a proud and caring society, we must use this Summit to strengthen efforts to build a more inclusive, caring, humane and proud nation and to also assist us to develop a set of shared values that define who we are as South Africans and what kind of society we seek to build." It is with this notion that we continue our efforts to transform the film industry."

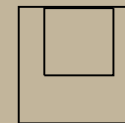


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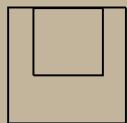


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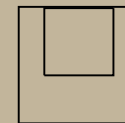
## PROGRAMME PERFORMANCE REPORTS

INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
3a – Develop and promote the film and video industry	<ul style="list-style-type: none"> <li>Training &amp; skills development</li> </ul>	<ul style="list-style-type: none"> <li>Encourage formal training throughout the year</li> <li>Continuously develop Further Education &amp; Training programmes that address skills gaps</li> </ul>	<ul style="list-style-type: none"> <li>60 Bursaries</li> <li>5 areas of development:</li> <li>Scriptwriting</li> </ul>	<p>There are 59 bursary students in total for the year 2011/2012.</p> <p>Demographics are as follows:            Black Male – 42%            Black Female – 27%            White Male – 21%            White Female – 10%</p> <p>Scriptwriting            34 writers have recently completed the Sediba Spark 7 &amp; 8 Programme.            Black Male – 41%            Black Female – 23%            White Male – 24%            White female – 12%</p> <p>18 Scriptwriters &amp; Script Editors are currently on the 12 month long Sediba Masters Programme            Black Male – 28%            Black Female – 22%            White Male – 22%            White female – 28%</p> <p>A further 2 black women have been mentees on the programme with the aim of ensuring skills transfer and creating a pool of skilled black professionals who will be equipped in the near future to become additional mentors on the programme.</p> <p>A mid-year assessment was conducted on the Sediba Masters Programme and a selected number of writers and trainee script editors had to discontinue their learning as they struggled to implement the theory in their practical work.</p> <p>Current participants after assessments are as follows:            White Male – 25%            Black Male – 17%            White Female – 33%            Black Female – 25%            Made up of the following:            6 projects and 6 trainee script editors</p>



## PROGRAMME PERFORMANCE REPORTS

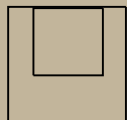
INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
	<ul style="list-style-type: none"> <li>Appropriate policy interventions</li> </ul>	<ul style="list-style-type: none"> <li>Promote the establishment of the National Film School</li> </ul>	<ul style="list-style-type: none"> <li>Producing</li> <li>Directing</li> <li>Wildlife</li> <li>Animation</li> <li>Feasibility study for the establishment of the National Film School</li> </ul>	<p>37 Producers on the Sediba Producers Programme Black Male – 38% Black Female – 22% White Male – 18% White Female – 22%</p> <p>Directing The curriculum of the Director's Training Programme is currently being developed with key experts in the field.</p> <p>There needs to be a tender process to source qualified trainers.</p> <p>This was the last year that the NFVF funds the Wildlife Film Academy as the Council now insists that all training providers should be accredited by SAQA to be eligible for NFVF funding. 10 black students were supported for the year. Funding also included the travel of all 10 students to the Wildlife Film Festival where students got the opportunity to showcase their short films.</p> <p>No animation training has been approved yet. Nemisa was identified as a partner to provide animation training to industry, however the MOU between the two institutions has not been finalised yet due to the change in CEO and Council at the NFVF. Students majoring in Animation at the various tertiary institutions are currently benefitting from the NFVF bursary scheme. The NFVF was currently in discussion with the Cartoon Network Academy which seeks to offer intense animation training in South Africa through the Academy. The Council declined their funding application as the programme was not accredited with SAQA.</p> <p>There is no update on how the NFS will be incorporated into the current NACISA framework. The NFVF participated at the DAC Steering Committee on NACISA.</p>



## PROGRAMME PERFORMANCE REPORTS

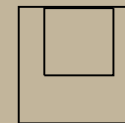
INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
		<ul style="list-style-type: none"> <li>Develop an annual Research plan</li> <li>Aggregate all industry data throughout the year</li> <li>Create an enabling regulatory Environment</li> </ul>	<ul style="list-style-type: none"> <li>Research programmes</li> <li>Sectoral Information System (SIS)</li> <li>Proposed Regulations</li> </ul>	<p>Investigation into the distribution &amp; exhibition market in South Africa -The budget for the project has been approved. Literature review has been completed. Notes from the Distribution Forum will be used to inform the questionnaire.</p> <p>Annual Box Office Report has been completed.</p> <p>Annual Co-production Report has been completed.</p> <p>SIS No update. Further stakeholder engagement will be held in the coming financial year.</p> <p>Box office Report issued weekly on the NFVF website</p> <p>Databases Producers, production houses and post production facilities has been completed. These will be updated on the new website once its launched.</p> <p>The NFVF is awaiting DAC (Chief Legal Adviser to the Minister) to advise on the date of publication of the regulations in the gazette.</p> <p>Service Level Agreement The DAC has signed a standard compact agreement with all its institutions including the NFVF. The agreement was largely based on the SLA that was prepared by the NFVF. The agreement was signed by the DG and NFVF CEO in March 2012.</p> <p>NFVF Act amendments A committee has been made up of NFVF and DAC officials and a Council member. The team is working on a report for submission to the DAC in May 2012.</p> <p>Criteria for South African Films An internal meeting was held and it was agreed that the findings report has been converted into the final criteria.</p>





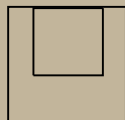
## PROGRAMME PERFORMANCE REPORTS

INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
	<ul style="list-style-type: none"> <li>Increase volume of films produced</li> </ul>	<ul style="list-style-type: none"> <li>Increase resources to both script development &amp; production for the year</li> </ul>	<ul style="list-style-type: none"> <li>30 projects funded in development</li> <li>25 projects funded in production</li> <li>3 slates funded</li> <li>Low budget slate</li> </ul>	<p>Co-production guidelines The updated guidelines were approved by Council in December 2011. Implementation will be in the new financial year.</p> <p>There are no new treaties or any update on the SA/Ireland co-production.</p> <ul style="list-style-type: none"> <li>In the 2011/12 financial year 32 projects were granted development funds. Of these 32, 23 were documentaries and, 9 were feature length films.</li> <li>27 projects have been greenlit for production of which 12 are documentaries and 15 are narrative features.</li> <li>The call for slate projects was centred around 3 concepts.               <ol style="list-style-type: none"> <li>a female run production company,</li> <li>a black run production company</li> <li>a commercially viable slate.</li> </ol> </li> <li>The 3 slates were awarded to               <ul style="list-style-type: none"> <li>Real Eyes (female)</li> <li>Fuze Films (black)</li> <li>Junaid Ahmed (commercial)</li> </ul> </li> <li>The NFVF has entered into a low budget funding model focusing on films in the R 2.5 million to R 8 million range in partnership with the IDC, utilising the DTI rebate as a 3rd partner.</li> <li>The SABC has indicated that they are keen to participate and are working out legalities of entering into a Joint Venture agreement as broadcasters.</li> <li>The criteria document has been drawn up and will be posted on the new website along with all selection criteria for funding.</li> </ul>



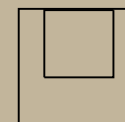
## PROGRAMME PERFORMANCE REPORTS

INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
	<ul style="list-style-type: none"> <li>Creating awareness of film opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Identify projects for international co-production forums to bring on international finance partners</li> </ul>	<ul style="list-style-type: none"> <li>5 TV Concepts</li> <li>Filmmakers supported to attend international financing forums</li> <li>South African presence at 4 international markets and festivals</li> <li>Number of films shot in South Africa</li> <li>South African filmmakers supported to attend international markets and festivals</li> </ul>	<ul style="list-style-type: none"> <li>5 TV concepts were funded for development in the 2011/12 financial year.</li> <li>Four filmmakers were funded to attend HOT DOCS, the biggest documentary film festival in North America. The NFVF supported them with travel, accommodation, visas and festival entry fees.</li> <li>Four filmmakers were funded to attend IDFA</li> </ul> <p>Producers who successfully completed the Sediba Producers Programme have been requested to apply to the London Production Film Market. 3 NFVF funded projects have been selected for IFP in New York and advised to apply for Strategic Partners in Halifax.</p> <p>Participation at:            AFCl Locations Expo            Cannes International Film Festival            Toronto International Film Festival - TIFF            Strategic Partners            Halifax, Canada - SP            No Borders Film Market            New York - NB</p> <p>22</p> <p>9 Filmmakers sponsored for Cannes,            4 for Hot Docs,            3 for Durban International Film Festival            3 For TIFF, SP&amp;NB            3 Africa in the picture            4 IDFA            1 Golden Rhino Film Festival Launch            1 American Film Market (AFM)            1 Dubai International Film Festival            1 International Wildlife Film Festival            1 African Festival of Tarifa            1 Sheffield Documentary Market            1 57th International short Film Festival            1 Silicon Valley African Film Festival            1 Caribbean Film Showcase</p>



## PROGRAMME PERFORMANCE REPORTS

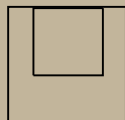
INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
		<ul style="list-style-type: none"> <li>Global positioning of the South African film industry throughout the year</li> <li>Continuous partnership with relevant stakeholders</li> <li>Ongoing stakeholder relations</li> <li>Ongoing development of an Integrated Communications Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Support for 6 local festivals</li> <li>Provincial Roadshows</li> <li>Filmweek</li> <li>Exhibit at Career expos</li> <li>Media briefings</li> <li>Engagement forums</li> <li>Branding and communication tools</li> </ul>	<p>Supported Encounters, National Arts Festival (Grahamstown) &amp; Durban International Film Festival (DIFF)</p> <p>National Arts Festival (Grahamstown) Macufe Arts Festival Bojanala Film Week (Rustenburg)</p> <p>No progress</p> <p>National Arts Festival (Grahamstown) Macufe Arts Festival</p> <p>There is no update on the draft MOUs with Cape film Commission And Brand South Africa (IMC) and NEMISA .</p> <p>Two press conferences held at DIFF and Encounters Film Festival.</p> <p>Industry conferences held at DIFF and Encounters</p> <p>At all festivals attended: brochures, NFVF writing pads, branded pens, banners, press releases, publicity and PR through various media platforms: TV online, radio and newspapers</p>
3b - Provide and encourage the provision of opportunities for persons especially from disadvantaged communities to get involved in the film and video industry	<ul style="list-style-type: none"> <li>Empower entrepreneurs from Previously Disadvantaged Communities to access the film industry</li> <li>Create awareness of opportunities in film industry by Previously Disadvantaged Communities</li> </ul>	<ul style="list-style-type: none"> <li>Develop capacity within business and innovation development unit to provide business and innovation assistance to PDI's</li> <li>Prioritise slate funding for BEE compliant companies &amp; PDI's throughout the year</li> <li>Ongoing partnerships with relevant stakeholders to provide opportunities for PDI's</li> </ul>	<ul style="list-style-type: none"> <li>Joint programmes with SEDA and Wits Business school</li> <li>6 films developed by BEE compliant companies &amp; PDI's</li> <li>Provincial roadshows</li> </ul>	<p>NFVF met with Productivity SA. A meeting is scheduled to discuss how the organisation can assist with providing business skills to the industry by collaborating with the NFVF.</p> <p>Of the slates awarded- the 1st is for a black owned company, the 2nd for a female owned company and the 3rd to a commercially viable slate of films</p> <p>Partnered with National Arts Festival – Grahamstown, MACufe Arts Festival and the Bojanala Municipality on their film week, conducted workshops on how to enter the film industry, producing, directing, movie making.</p>



## PROGRAMME PERFORMANCE REPORTS

INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
3c - Encourage the development and distribution of local film and video products	<ul style="list-style-type: none"> <li>Create access to local film and video products to majority of South Africans</li> </ul>	<ul style="list-style-type: none"> <li>Support innovative distribution initiatives</li> <li>Establish capacity within distribution unit</li> <li>Establish alternative digital screens</li> </ul>	<ul style="list-style-type: none"> <li>5 films distributed</li> <li>3 films released</li> <li>4 Pilot sites</li> </ul>	<ul style="list-style-type: none"> <li>Retribution was the first film for the 2011/12 financial year and Blitz Patrollie is the second film selected.</li> <li>Companies awarded slate funding have been contracted to have their films distributed by the NFVF as additional support to PDI filmmakers.</li> <li>There is no update. The NFVF needs to engage with the DAC to agree on the appropriate model for the implementation of the project</li> </ul>
3d - Support the nurturing and development of and access to the film and video industry	<ul style="list-style-type: none"> <li>Training, skills development and incubation</li> <li>Create awareness of NFVF programmes by all South Africans</li> </ul>	<ul style="list-style-type: none"> <li>Launch careers of new entrants into the sector</li> <li>Support film programmes at high school level</li> <li>Create access points for film information (books, DVD's etc) nationally</li> </ul>	<ul style="list-style-type: none"> <li>12 short films developed</li> <li>Exhibit at career expo's</li> <li>9 access points over 3 years</li> </ul>	<ul style="list-style-type: none"> <li>2 short films are currently in development from the recent funding cycle of the year.</li> <li>11 projects were shortlisted from the short film contest, to come pitch and participate in the writing workshops.</li> <li>Of these, 8 projects will go through the 5 writing workshops to produce short films eligible for production.</li> <li>The first writing workshop will take place on the 14th and 15th of April 2012.</li> <li>8 shorts will be developed and the best 4 produced</li> <li>Participation at the Grahamstown Film Festival and Macufe Arts Festival and the Bojanala Film week</li> <li>NFVF participated at the Randfontein Career Day on the 18th August 2011.</li> <li>In communication with provinces and relevant government departments.</li> </ul>





## PROGRAMME PERFORMANCE REPORTS

INDICATOR (MANDATE)	KEY OBJECTIVE (WHAT)	STRATEGY (HOW)	OUTPUT (RESULT)	PROGRESS
3e - Address historical imbalances in the infrastructure and distribution of skills and resources	<ul style="list-style-type: none"> <li>Encourage sustainable black businesses</li> <li>Encourage skills transfer to PDI</li> </ul>	<ul style="list-style-type: none"> <li>Set up &amp; support incubation programmes</li> <li>Linking mentorships and internships to NFVF funded projects within 3 years</li> </ul>	<ul style="list-style-type: none"> <li>2 incubation programmes supported nationally</li> <li>Incorporate mentorships and internships into NFVF contracts</li> </ul>	<ul style="list-style-type: none"> <li>The NFVF / Urban Brew short film project's aim was to help launch the careers of young black talent was unsuccessful in its pitch to Council but new partners are being engaged with SABC having shown interest in the model.</li> <li>Development of an internship programme on NFVF funded productions is underway.</li> </ul>
Sound Leadership, Governance and Management	<ul style="list-style-type: none"> <li>To improve efficiency and effectiveness in the management of NFVF</li> </ul>	<ul style="list-style-type: none"> <li>Implement and review HR Strategy throughout the following programmes:               <ul style="list-style-type: none"> <li>Performance Management</li> <li>Human Resources Development</li> <li>Employee Wellness</li> <li>Labour and Compliance</li> <li>Reward</li> </ul> </li> <li>Maintenance of efficient and effective systems of financial, legislative and administrative controls</li> </ul>	<p>Highly motivated staff that supports the business</p> <ul style="list-style-type: none"> <li>100% implementation of the PMS</li> <li>80% of staff attend training</li> <li>100% compliance with legislation</li> <li>100% implementation of the reward system</li> </ul> <ul style="list-style-type: none"> <li>Maintenance of a risk register</li> <li>Effective internal audit function</li> <li>Effective procurement (SCM) systems</li> <li>Effective reporting mechanisms to Council, DAC and Treasury</li> <li>Unqualified audit report</li> </ul>	<p>Final assessments conducted As per the NFVF PMS</p> <p>Staff attended training and WSP and ATR submitted to MICT Seta</p> <p>Continued monitoring of policy implementations</p> <p>Salary increases approved by Transco and Council</p> <p>Risk assessment workshop conducted on the 24th of June 2011.</p> <p>Internal audit plan to be presented for approval. Conducted IT, FDR, Follow and performance audit.</p> <p>Attended workshop. Advertisement for call for suppliers. Receiving applications.</p> <p>Ongoing. Reports submitted to Council, DAC &amp; Treasury.</p> <p>Unqualified audit for year ending March 2011</p>

## 6.1 KEY PERFORMANCE INDICATORS FOR THE FILM SECTOR

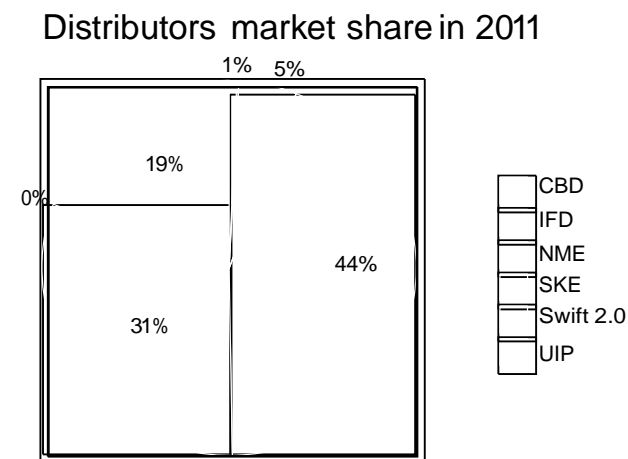
### Box Office Report for 2011

The South African films grossed over R33 million at the box office in 2011, with a total of 22 films. The most successful film for 2011 was Jock of the Bushveld which was released on 3D and netted more than R11 million from the box office. Once again South African audiences have embraced a wide range of stories in 2011, with a good mixture of special effects-laden action and animated adventure films through to comedy released during the year. Platteland and Hoofmeisie have shown that films in indigenous languages are going from strength to strength in attracting larger audiences. Most importantly in 2011 we saw films for all ages released.

Some of the findings for 2011 are as follows.

- They were two newcomers in the distribution field namely: Crystal Brooke Distributors and Swift 2.0. However Both Nu Metro Entertainment (NME) and Ster Kinekor Entertainment (SKE) continued to claim a larger percentage of the market share 44% and 31% respectively while United International Pictures (UIP) claimed the third position with 19% and Indigenous Film Distributors (IFD) commanded only 5% of the market share.
- From the SA titles both the drama and comedy genre enjoyed the highest percentage of releases with drama at 36% and comedy commanding 23% while other genres such as sport, horror, animation and musicals were straddling between 4% and 5%. South African titles commanded 5% of the overall box office releases with the majority of the titles coming from the US, a trend also observed during 2010.
- The month of April secured the highest number of releases (24) while the highest number of local releases was observed during the month of March with a total of 4 titles.

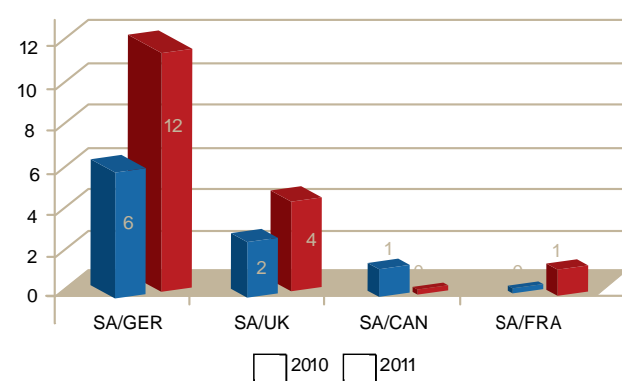
Table 1: Distributors market share



### The Annual Co-production Report

The co-production report is an annual review of a survey of all the co-production projects submitted for advance ruling as co-production projects. The review is used as a barometer to assess the impact of co-productions to the South African film industry while also studying the economic value brought by such collaboration. The review reveals an exponential growth in the volume of co-productions with a higher percentage of growth brought by Germany and the United Kingdom, both treaties managed to double their productions in 2011.

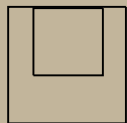
Table 2 : Number of projects per treaty



A total of 17 projects were completed in 2011 with a total budget contribution of R 706 156 596 in comparison to 2010 where 9 projects were completed with a total budget contribution R 837 018 583. A total of 7 feature films, 8 television series, 1 documentary and 1 once off (movie of the week) project were certified in 2011. A total cast of 277 were used for all the 17 projects and 148 of that cast was South African while out of 411 crew members used, 227 of those were South African, with a total leading South African cast of 67 out of 99.

The following observations were made from the report :

- While the number of projects completed has grown tremendously there seems to be a slowdown in terms of budget contributions more especially from South Africa. In 2010 SA contributed R 498 169 279 while the foreign partners contributed a total of R 338 849 308 and in 2011 SA's contribution declined to a total of R293 549 496 and that of co-producing partners increased to R 399 287 289.
- A noticeable trend from the report is that South African co-producers are using other sources of funding for their films other than government funding. Although the trend indicates the above, the report also reveals that South African co-producers funding for 2011 mostly emanated from the NFVF the South African Broadcasting Corporation



## 6.1 KEY PERFORMANCE INDICATORS FOR THE FILM SECTOR

and the Film and Television production Incentive. A total amount of R70 150 562 was sourced from the DTI administered incentive in 2011.

- Germany continues to be the South Africa's major co-producing partner. Between 2010 and 2011, a total of 18 films were produced through the South Africa/Germany co-production treaty.
- A total of 786 days were spent shooting the 17 projects and 714 of them were spent shooting in SA. Of all the 17 projects 13 were shot entirely in SA and 3 projects were shot in SA and Germany. The report further reveals that the Western Cape is the most preferred location for filming with 7 projects and Gauteng is second with only 3 projects.

### PRODUCTION AND DEVELOPMENT OF CONTENT

#### Official Co-production Treaty Certification

South Africa's reputation as good filmmaking destination and co-producing partner with the international filmmaking community is on the high. The South Africa/Australia treaty came into effect in 2011, after its signature in June 2010. The Minister of Arts Culture signed the treaty with New Zealand, which came into effect on 20 October 2011. The NFVF sent out a call for applications in November 2011. This brings the total number of treaties in force to seven to date.

The NFVF received 30 co-production applications during 2011/12, 19 of which were for advance rulings while 11 were for final rulings.

PROJECT NAME	TREATY	STATUS
Yes We Can	SA/Germany	Advance Ruling
Beaver Falls	SA/Germany	Advance Ruling
Dinosaur	SA/UK	Advance Ruling
Africa is calling	SA/Germany	Advance Ruling
The Borrowers	SA/Germany	Advance Ruling
The Girl	SA/Germany	Advance Ruling
Lion's Trail	SA/ Germany	Advance Ruling
Layla	SA/ Germany	Advance Ruling
Flight of Storks	SA/ Germany	Advance Ruling
Labyrinth	SA/ Germany	Advance Ruling
The Ambassador	SA/ Germany	Advance Ruling
History of the World	SA/ Germany	Advance Ruling
Kidnap & Ransom	SA/ Germany	Advance Ruling
Death Race	SA/ Germany	Advance Ruling
The Great British Story	SA/ Germany	Advance Ruling
Wild at Heart 7	SA/ Germany	Advance Ruling
Strange But True	SA/Germany	Advance Ruling
Inescapable	SA/Canada	Advance Ruling
Heaven-Africa	SA/Germany	Advance Ruling
Dark Tide	SA/UK	Final Ruling
Street Kids United	SA/UK	Final Ruling

A Million Colours	SA/Canada	Final Ruling
Black Butterflies	SA/Germany	Final Ruling
Women In Love	SA/Germany	Final Ruling
Skoonheid	SA/France	Final Ruling
Treasure Guards	SA/Germany	Final Ruling
The Bang Bang Club	SA/Canada	Final Ruling
Outcasts	SA/Germany	Final Ruling
Mission Crane	SA/Germany	Final Ruling
Mr Bob	SA/Germany	Final Ruling

#### Amendment of Co-production Guidelines

The NFVF amended the co-production guidelines and applications forms to incorporate the new treaties and to be in line with the criteria for the definition of a South African film. The guidelines will come into being when the criteria is finalised.

#### Certificates of Nationality

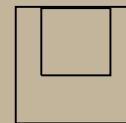
The NFVF also issues certificates of nationality for local films upon application. The purpose of the certificate is to attest to the origin of the film. Only 2 applications received for certificates of nationality:

COMPANY	PROJECT NAME	BUDGET	PRODUCER	DIRECTOR
Vehicle 19 Films	Vehicle 19	34,251,410	Ryan Haidarian/ Peter Safran	Mukunda Dewil
Luju Pictures and Productions	My Zulu Wedding	8,000,000	Akin Omotoso and Lineo Sekeloane	Lineo Sekeloane

#### Development of the Criteria for South African and Official Co-production Films

During the 2009/2010 financial year, research was initiated on the development of a South African Film and official co-production criteria. The introduction of the criteria for the assessment of a South African film and official co-production will assist in a variety of processes including but not limited to:

- Qualification of films for selection into the South Africa Film and Television Awards (SAFTAs) "South African feature film category" and other international awards such as the Oscars etc.
- Qualification for the selection of South African films into various film festival competitions.
- Certification of official co-productions
- Certification of national film for distribution and/or export purposes.
- Pre approval for South African productions and co-productions for tax credit



## 6.1 KEY PERFORMANCE INDICATORS FOR THE FILM SECTOR

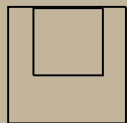
The resulting criteria is a point system derived from the creative, casting, technical and craft contribution by South Africans in a production as a key measuring indicator. The objective of these indicators is to adequately assess South African creative contribution in films which would in turn ensure that there is sufficient cultural exchange between co-producing partners as per the treaties.

The public engagement process on the film criteria started in December 2010 when the NFVF published the film criteria and made a call for industry submissions and subsequently received a submission from the Independent Producers Organisation (IPO). The IPO submission supported the introduction of the proposed point system; but also made a case for the point system's methodology to be revised. The IPO submission argues for the revision of the point system to ensure alignment with the existing treaties and the frameworks and methodologies applied by other

competent authorities. To that end, they proposed that the point system should be set at reasonable levels so as to ensure that it is practically workable and stimulates the ongoing development and growth of the co-production segment of the industry. Further consultations were conducted through workshops in Johannesburg, Port Elizabeth, Durban and Cape Town. Overall, the industry recommended that the weighting of the points be revisited and that they be aligned with the treaties that South Africa has entered into. Industry also recommended that the NFVF engage with other government stakeholders in regards to the film criteria.

Post the consultations, the NFVF compiled a findings report which incorporated industry and NFVF recommendations, which was approved by Council in December 2011. The findings report informed the revision of the criteria which will be presented to the industry and further interrogated with the industry and other stakeholders.





## 6.2 DEMAND STIMULATION AND AUDIENCE DEVELOPMENT

One of NFVF's strategic thrusts as adopted in 2009 is to take the NFVF to the people and become more visible locally. In a bid to achieve this objective, the foundation has begun to consolidate gains of the past by increasing its visibility in projects we chose to continue to support and have selected new projects to participate in.

### SOUTH AFRICAN FILM & TELEVISION AWARDS

The South African Film & Television Awards (SAFTAS) are the National awards aiming to:

- Promote quality and excellence in South African film and television products
- Highlight and profile celebrated South African talent and product to national and international markets.
- Encourage the growth of talent and encourage new talent within the industry,
- Encourage entrepreneurship within the South African Film & Television market.
- Stimulate participation by a broad mass of the industry in competitive awards events.

An annual event, now in its 6th year and awarding over 70 practitioners and programmes with the prestigious award, the SAFTAS have grown to be respected as the highest grade of recognition within our industry.

This year the NFVF coordinated the SAFTAS programme; a process consisting of managing the entries, coordinating the judging processes and finally the hosting of the awards event held at the Gallagher Convention Centre in Midrand North of Johannesburg.

### LOCAL FILM FESTIVALS

Participation in and funding of local film festivals contrib-

utes to the NFVF's aim of developing audience appreciation of home-grown cinema and cinema in general. The NFVF in this financial year has been involved in:

- Durban International Film Festival
- Encounters Documentary Film Festival
- Out In Africa – Gay & Lesbian Film Festival
- Tri-Continents Film Festival – a festival dedicated to films addressing human rights issues
- People-to-People Documentary Film Conference
- Kwa Mashu African Film Festival

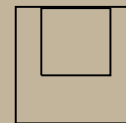
### 32nd DURBAN INTERNATIONAL FILM FESTIVAL

South Africa's longest-running annual film festival, the Durban International Film Festival (DIFF) has strengthened its position as one of the leading film festivals on the African continent and a vital event on the International Film calendar. The NFVF has been a primary partner of the Durban International Film Festival for a period of 12 years.

With the aim of solidifying relationships and outlining the plans, objectives and entrenching the role of the NFVF as the national custodian of film, the NFVF hosted a briefing session for the industry to share information about NFVF programmes and to receive feedback on how the Foundation is perceived by its market. The festival year on year grows in popularity with an increase in audience attendance with just under 30 000 participants throughout the ten days.

The festival remains an important exhibition platform, audience development and training vehicle for the development of the film industry and a platform allowing the NFVF to maintain relations and engage with the industry as a whole.





## NATIONAL ROADSHOWS

### GRAHAMSTOWN ARTS FESTIVAL

The National Film and Video Foundation, for the first time participated at the Grahamstown Arts Festival which took place from the 30th June – 10th July 2011. The NFVF's objectives at the festival included promoting South African films, audience development, and positioning the NFVF as a film custodian. As part of our participation at the festival, the NFVF managed and coordinated all the film activities for the duration of the festival. In addition to screening South African films on a daily basis, the NFVF had master classes in the areas of scriptwriting, directing and documentary filmmaking. Industry professionals facilitated the planned workshops. Other sessions comprised of brief presentations on topical industry issues and again these were facilitated by the appropriate industry professionals.

This initiative provided a platform to build cinema going audiences and where aspiring filmmakers were introduced to the world of film. This was a strategic event for the NFVF to participate in as the Grahamstown Arts Festival already possesses an excellent reputation in the arts and is a well recognised brand.

### MANGAUNG AFRICAN CULTURAL FESTIVAL - MACUFE

The Mangaung African cultural festival showcases the cream of African and international talent. The festival features jazz, gospel, kwaito, hip-hop, R&B, rock and classical music, as well as dance, drama, cabaret, musical theatre, poetry, fine art and traditional arts and crafts. First held in 1997 before an audience of 30 000, Macufe now attracts over 140 000 people from South Africa, Africa and the world.

The NFVF has therefore taken this opportunity to build cinema audiences and introduce a platform where aspiring filmmakers can be introduced to the world of film.

The NFVF invited a number of filmmakers to showcase their films, documentaries and shorts. The filmmakers held discussions during workshops to enlighten the audience about the film industry, the screened films and general feedback. The NFVF also provided a workshop on how to enter the film industry and ran a campaign to promote its bursary scheme and other NFVF offerings.

### BOJANALA FILM WEEK – RUSTENBURG

The National Film and Video Foundation was proud to partner with the Rustenburg District municipality of Bojanala in facilitating a Film festival in city of Rustenburg. This was a new initiative aimed at being an annual event with the aim of introducing film and training out of school youth to produce films. One of NFVF's core objectives at the festival was conducting an intensive screen writing workshop with students that have already been identified by the Festival organizers.

As part of our participation at the festival, the NFVF managed

and coordinated all the film activities for the duration of the festival. In addition to screening South African films on a daily basis, the NFVF ran master classes in the areas of scriptwriting, directing and documentary filmmaking. Industry professionals also facilitated the planned workshops.

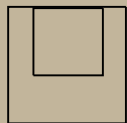
Other sessions comprised of brief presentations on topical industry issues and again these were facilitated by the appropriate industry professionals. Other activities included promoting South African films, audience development, and positioning the NFVF as the custodian of film. This initiative provided a platform of building cinema going audiences and where aspiring filmmakers were introduced to the world of film.

### OTHER

To address the need for increased localized interaction, the Foundation participated in projects not directly aligned to film-making but aligned to attracting more youth into the film sector.

- Orlando West High School Talent Day
- Greater Randfontein Career day

Dialogue with the industry assists NFVF to understand better its market and instil confidence in the sector it serves. To disseminate information and to engage in discourse with the industry, 3 platforms were created that brought NFVF closer to the market to present strategies, plans and projects. Held in Durban, Cape Town and Johannesburg, the outcomes of the sessions positioned the NFVF as the primary source of information on issues of film for the country.



## NATIONAL ROADSHOWS

Funding and project development are NFVF's core business areas and so a particular session was held to discuss issues with the industry at which funding initiatives were unpacked detailing issues such as criteria to receive funding in addition, two sessions were dedicated to MAsterclasses on the SEDIBA Producer's Programme. SEDIBA Training programmes run by the NFVF have enjoyed high success rates with the demand for participation increasing. DIFF gave the Foundation an opportunity to present these gains with presentations by graduates of the programmes who have gone on to be tutors of these programmes.

### ENCOUNTERS DOCUMENTARY FILM FESTIVAL

Held annually in Johannesburg and Cape Town over a period of 36 days, the festival showcases feature length and short documentaries from around the world as well as locally produced films. Of the ±800 films that were submitted, a record and an indication of its reputation globally, the 135 films that were screened recorded that 50% of the films were locally produced films across Short and feature length documentary formats.

Over the years, Encounters has successfully engaged in:

- Developing audiences for the documentary genre in South Africa
- Developing audiences more specifically for South African documentary films
- Ensuring and promoting a diversity of South African voices through considered programming and the selection of films
- Creating a democratic space where discussions and debates are held on current social, political and economical realities
- Encouraging film literacy and critique that benefits all genres

### OUT IN AFRICA – GAY & LESBIAN FILM FESTIVAL

The Moral Imperative speaks to expression of our images and the vision to equitable redress. The Out In Africa South African Gay & Lesbian Film Festival (OIA) was launched in 1994 to celebrate the inclusion, in the South Africa Constitution, of the clause prohibiting discrimination on the grounds of sexual orientation.

Through supporting this festival, the NFVF celebrates diversity in creative works and cinema that is not shy to showcase all lifestyles. Out In Africa is an annual festival of films produced by the Gay & Lesbian community on films whose topic's thread is heterosexual issues. The success of this festival is in its abil-

ity to counteract embedded homophobia by providing positive images of LGBTI people. The festival again gave the NFVF another platform to engage audiences on programmes and on the appreciation of film.

### TRI-CONTINENTAL FILM FESTIVAL AND PEOPLE TO PEOPLE FESTIVAL AND CONFERENCE

The festival's main objectives is to build audiences for socio-political film within a broader aim of fostering a human rights culture in South Africa with films selected from South Africa, South America and Australasia. With this focus, the event functions as a valued event for the appreciators of documentary film, the general public, NGO's, civil society activists and members of the film industry.

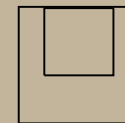
Run concurrently, the festival and conference gave the NFVF another opportunity to reach diverse audiences. Due to its popularity and demand from greater audiences, the festival expanded into Durban and Pretoria from the previous Cape Town and Johannesburg.

### KWAZULU NATAL AFRICAN FILM FESTIVAL - KAFF

Formally known as the KwaMashu Film Festival, in its 8th year, the festival continues to be the only community based film festival that ensures access of quality films to the communities encouraging film appreciation and developing audiences in rural and township areas. The uniqueness of KAFF is its ability to screen quality films mostly made in South Africa, right in the heart of the community whilst giving opportunities to the aspirant filmmakers to screen their films and having the industry's best and experienced role-players within arm's reach.

The festival also attracts films from countries on the African continent such as Togo, Mali and Kenya, films that dignify and explore African experience, and increasingly attracts Hollywood stars to interact with the local community.

The festival assists the NFVF to develop audiences in rural areas and areas that are otherwise underserved by the larger chains of exhibition. The festival has in recent years shown realistic provincial growth expanding audiences from KwaMashu in Durban to other parts of the province: Pietermaritzburg, Richards Bay, Stanger, Port Shepstone and Empangeni. The extended participation is also helped by the fact that KAFF runs satellite workshops prior to the festival in three areas: Empan-



## 6.3 PRODUCTION AND DEVELOPMENT OF CONTENT

### FEATURE PROJECTS FUNDED

The NFVF continued to build on the successes of previous years with some key highlights that demonstrate this. *Zambezia*, an animated 3D feature film, went through rigorous script development and mentoring and was completed in 2011 and received a screening at the AFM American Film Market. The project is due for theatrical release in 2012 and has already sold into many international territories including a DVD release deal in the USA. The production team are currently in production on their second animated feature *Khumba*.

The NFVF has supported two Africa First shorts, *Dirty Laundry & Umkhungo*, which are now completed. This is a decline from the previous year which saw three films completed as part of the short film contest as well as others funded on merit.

*31 Million Reasons*, by Rogue Star, was released in November 2011 and remained on circuit for 9 weeks. Rogue Star, recipients of an NFVF slate award in 2009 are now in pre production for *Spud 2*, a follow up to the commercial success of *Spud*.

*Otelo Burning*, scripted by James Whyllie, was completed in 2011 and premiered at Durban International Film Festival. It has gone on to great festival success having won acclaim at prestigious festivals such as Dubai, Busan and London International Film Festival. The film is due for its local theatrical release in May 2012.

*Retribution*, a thriller starring Joe Mafela, written and directed by Mukunda Dewil was released in August 2011 by the NFVF and has gone on to DVD release. The film has recently sold a pay television licensing deal and will be screened by Top TV in 2012.

*Blitz Patrollie* went into production in August of 2011 and is currently in post production. The film is expected to be released theatrically in 2013. This highly anticipated action comedy is the third film to be distributed locally by the NFVF.

The NFVF has entered into a low budget financing model which sees the production of *Jimmy in Pink* in 2012. The project was a finalist in the 25 words or less competition held by the NFVF and the UKFC (United Kingdom Film Council) and is being produced by Light and Dark Films.

### DOCUMENTARY PROJECTS FUNDED

The NFVF remains committed to the development and production of documentary stories about South Africa in spite of the very small market available to this genre. The primary reason for this commitment is that it is a space that ensures filmmakers are able to express their deepest fears and their greatest hopes about our country, our past, our present and our future.

The NFVF recognizes that the maximum amounts available for script development and production are woefully inadequate especially after the economic recession and the financial crisis at the SABC brought a lot of hardship to many companies. It remains the commitment of the NFVF to lobby for an increase in fiscal allocations to the sector.

*Rebirth*, a documentary by Steve Mokwena, is complete and has been broadcast on Mzansi Magic. *Captor & Captive* - The story of Danger Ashipala and Johan van der Mescht has done very well on the festival circuit, and had a special screening in Namibia. *Umbilical Cords* by Team Tarbaby is also complete and premiered at Encounters 2012.

Below is a record of projects funded in development and production in the 2011/2012 financial year.

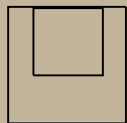
#### Documentaries in Development:

Age is a beautiful phase	Two spinning wheels Production
Aktion Commandant	Third World Revolution
I Am Craig	Away from Keyboard
The Plight of Mzansi Widows	Happy Brown Babies
The Long Journey of Christo Brand	I and Eye Productions
Watershed	Wolverine Productions
Unhinged: Cape Town	Amariam Productions
Memory has no Loyalty	Full Circle Productions
Mountain Circumcision	Fiyah Productions
Sands of the Skei Queen	Marie-Verite Films
Buddha of Africa	Thinking Strings Media
My Forgiveness	Tshedza Media Training
Rollaball	Big World Cinema
Jazz Lives	Xivumbeko Media
Return to Zimbabwe	Nayanaya Pictures
Conversations with Mandela	Bornfree Media
Jordan Bangazi	Rainbow Independent Films
Love Freedom	Mandela Bay Pictures

#### Documentaries in Production:

Captor and Captive	Full Circle Productions
Music of Africa	Millennium Films
Parole Camp	Luma Media
Villian or Victim	Tana Baru Productions The
Stillnox Miracle	Full Circle Productions
Secrets of a Count	Thousand Hugs Productions
The Life & Death of a Good Man	The Rainbow Documentary





## 6.3 PRODUCTION AND DEVELOPMENT OF CONTENT

### Feature Films in Development

Down and Dirty  
Magic and Mining  
The Bastard  
This Boy  
A Better Life for All  
Gatipeie Hijacks a Pidgeon  
Savannah  
The Boda Boda Thieves  
The Retirement

Out of Motion films  
Silvernova Media  
Black Heat productions  
Maxi D Productions  
Gemini Twins Films  
Kevin Ehrenreich Productions  
The Crucial project  
Switch Media  
Towerkop Creations

### My Zulu Wedding

One Last Look  
Pinky Pinky  
The Umbrella Men  
Wounded

### Luju Pictures

Exclusive Access Trading  
DV8 Films  
Gatehouse Commercials  
Natives At Large

### Short Films in Production

Release

Black Heat Productions

### RECOUPMENT SCHEDULE

### Short Films in Development

Night Molefi Lebone

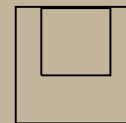
### Feature Projects Greenlit for Production: Black

South Easter Ten10 Films  
Ghetto Dangerous Curious Pictures  
The Consequence Do Productions  
The Whale Caller Black Roots Pictures  
Tok Tokkie Proper films  
The Adventures of Supermama Googleplex Productions  
Man On Ground TOM Pictures  
Chemo Club Fireworx Media  
Hear me Move Coal Stove Pictures

### Total recoupable grants are as follows:

Grants allocated in 2003	12 690 774
Grants allocated in 2004	8 630 000
Grants allocated in 2005	4 990 000
Grants allocated in 2006	4 300 000
Grants allocated in 2007	3 550 000
Grants allocated in 2008	1 934 000
Grants allocated in 2009	3 309 000
Grants allocated in 2010	3 700 000
Grants allocated in 2011	6 984 845

Total Recoupable Grants R 50 088 619



## 6.4 GLOBAL POSITIONING OF THE SOUTH AFRICAN FILM INDUSTRY

The Value Charter states that, "The production of local content must be publicised with a clear positioning strategy for the film sector. The South African film industry must move from a low volume and low margin base to a high volume and high margin base..." The positioning of South Africa within the continent and the world is a diplomatic enterprise that involves hosting of and participation in international film festivals and carving a unique South African niche in the global film industry.

### CANNES INTERNATIONAL FILM FESTIVAL

The Cannes International Film Festival is one of the world's oldest and most prestigious film festivals. It is held annually (in May) at the Palais de Festival in Cannes, France. The NFVF facilitated and led South Africa's presence at the festival in May 2011.

The Foundation hosted an SA Line Up event to present South African projects in order to raise awareness and possible finances. The targeted audience was sales agents, distributors, festival programmers, and territorial buyers.

Each year during Cannes, the NFVF and its respective partners host a networking event, whose main objective is to network, build and maintain relations. Through the DTI and IMC's support, South Africa's presence was consistent across all the events and marketing material produced.

Generally, all the objectives set were achieved and South Africa's participation at the festival was well received. The sales event and networking event, also generated much publicity from radio and print media.

### TORONTO INTERNATIONAL FILM FESTIVAL

The biggest Film Festival and Market servicing the North American market, Toronto gives South African film and filmmakers the biggest opportunity to engage the ever increasing global market focusing on the North American market place.

Toronto and No Borders along with a trip to Halifax in Canada to the Strategic Partners platform were all completed in September. These 3 locations helped spread the word about the South African titles at Toronto in 2011 and the incentives South Africa has to offer the global industry. A wonderful collaboration was held between the DTI, Canada, and the Consul General's office in Canada and the NFVF. The combined efforts saw the hosting of a South African round-table discussion with all the partners and strategic organisations.

Strategic Partners is one of the world's pre-eminent co-production markets focusing on feature film, television fiction, long form documentaries and multiplatform projects. South Africa together with Australia and the USA presented local incentives and co-production opportunities.

### SOUTH AFRICA / HOLLYWOOD MEDIA EXCHANGE

The SA Hollywood media exchange is a highly focused Marketing Program targeting specifically U.S. companies that have an interest in South Africa. High level meetings are held with Senior Executives in Production, Finance and Acquisition at the Studios, Networks, Cable Broadcasters, and Indie Production Companies. The week long program of meetings provides direct interface in the boardrooms of the U.S host companies learning first-hand, their immediate requirements. Conversely, South African delegates provide factual information about production expertise, local producer partners, financial instruments, production incentives, and co-production opportunities. The NFVF participated together with the DTI and other film bodies and independent film practitioners to represent the local industry benefits as a filmmaking destination of choice.

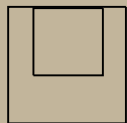
### EXTERNAL PARTICIPATION

#### 83rd ANNUAL ACADEMY AWARDS

##### – BEST FOREIGN LANGUAGE FILM AWARD

The National Film and Video Foundation is officially recognized by the Academy of Motion Pictures Arts and Sciences to make submissions on behalf of the South African film industry.

The adjudication process selected the feature film *Skoonheid* as the South African film to be considered for the Best Foreign Language film at the Oscars in February 2012.



## 6.5 FINANCE AND FUNDING FOR THE SECTOR

In an effort to directly impact on the raising of capital, the NFVF created the New Ventures division in 2009. This division can be likened to an innovation hub whose purpose is to find new ways of investing and developing commercially viable businesses in the film industry. An initiative of note over the past 2 years has been the overseeing of an exhibition platform that would service the vastly underserved masses of South Africa. This initiative in particular has resulted in the creation of a business case that is now in search of proper funding to make the pilot site a reality.

Interventions with the IDC, DTI, Treasury and SARS have been made particularly in addressing a tax leakage issue within the model that makes its exploitation difficult. The NFVF has been encouraged by the level of interaction between the different government departments.

The NFVF successfully made a presentation to National Treasury in July 2010 wherein the NFVF requested additional funding for its programmes for the development and growth of the film industry. These programmes are in line with the NFVF's long term strategy, Value Charter and Business Case. The Business Case articulated a case of a much more realistic budget in line with the programmes identified by the NFVF. As a result of the presentation the NFVF's allocation has significantly increased by R135million over the MTEF period 2012-2014.

### TRAINING AND DEVELOPMENT FOR THE SECTOR

*"The new vision of arts and culture goes beyond social cohesion and nourishing the soul of the nation. We believe that arts, culture and heritage play a pivotal role in the economic empowerment and skills development of a people,"*

*Honourable*

*Minister Paul Mashatile*



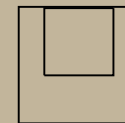
When the NFVF developed its Moral Imperative, one of the issues it had in mind, was the creation of facilities for ordinary South Africans to tell their own stories. The strive to bring ordinary South Africans from the periphery into the mainstream of filmmaking continues to be one of the main strategic thrusts of the NFVF. The key challenges of addressing critical skills gaps that have hindered the industry from producing films that could perform internationally while providing local audiences with engaging yet entertaining content is slowly being resolved through the various NFVF skills development programmes. These programmes not only enhance the skills of filmmakers but also instil a change of mindset in the way filmmakers approach the business of film. The NFVF commits itself to align its skills development programmes with the Department of Arts and Culture's "Mzansi's Golden Economy" strategy. The NFVF also welcomes the collaboration with other institutions that share the vision of the Foundation in relation to effective skills development of the industry.

### STUDENT BURSARIES

The NFVF continues to provide bursaries and scholarships to emerging film talent to realise their career goals. During the year under review, the NFVF granted 59 bursaries to students studying film or television courses. These students were from a variety of tertiary institutions both in South Africa and abroad. There was a diverse range of disciplines that the beneficiaries were pursuing, namely: Producing, Directing, Script Writing, Cinematography, Animation, Visual Effects, Sound Design and Editing, to name a few. The students funded were also at different levels of study, first year through to Masters Level. The demographics of the bursary recipients are as follows:

- Black Males – 42%
- Black Females – 27%
- White Males – 21%
- White Females – 10%

The National Film and Television School based in London (NFTS) continues to partner with the NFVF on the Trevor Jones Scholarship. Due to the successful negotiations with the University, a 55% reduction in fees for all South African students was secured placing the Foundation at a position to approve one student per annum to enrol at the NFTS for a Masters Degree in all disciplines of filmmaking.



## TRAINING INITIATIVES

Financial assistance was provided to programmes which sought to empower the industry through:

- the provision of legal advice to emerging writers with the Writer's Guild SA
- wildlife filmmaking training targeted at black youth by supporting the Wildlife Film Academy
- support of young talent by partnering with the Durban Film Office in supporting the Durban Short Film Challenge
- Support four emerging filmmakers to attend various developmental skills programmes

### Writers Guild of South Africa

The Writers' Guild of South Africa (WGSA) is the only association in South Africa with the sole purpose of assisting, protecting and promoting scriptwriting in local film, television and new media.

The National Film & Video Foundation realised the importance of strengthening this organisation to ensure that writers' rights were protected in the wake of an unstable industry. It was for these reasons that the NFVF provided support to the Guild to source an attorney to render their services in the areas of entertainment and intellectual property law. These funds were utilised to provide 11 WGSA members with numerous contracting issues. Standard contracts were developed for films, television and a head writer on a television series. Standard minimum rates were finalised and the WGSA is now in a position to enter into negotiations with producers and broadcasters. The direct provision of the legal services to members which is quantitative in nature enabled WGSA to substantially increase their membership base from a mere 36 to 149 members.

### Wildlife Film Academy

Transformation in the wildlife filmmaking industry continues to be a challenge. The NFVF continued its stance to support the training of Previously Disadvantaged South Africans with skills that will these equip young African filmmakers in the art of capturing the region's natural heritage on film. South African students who complete the wildlife filmmaking course will be able to tell wildlife stories through their eyes and with perspectives that have been hugely under-represented in the past. The wider audience to which these stories will appeal will have great spin-offs for conservation in the country.

The Wildlife Film Academy operates a globally unique one month wildlife filmmaking course. Its vision is to create a pool of talented, dynamic and innovative wildlife filmmakers who will

showcase Southern Africa's wildlife and conservation efforts. Through the innovative teaching of a holistic blend of technical, ecological and business skills, the Wildlife Film Academy's mission is to equip its learners with the knowledge of making innovative southern African wildlife films.

Students who complete a one month training course will have produced a 3 minute short film at the end of the course

### Durban Short Film Challenge

The Durban Short Film Challenge is an initiative supported by the Durban Film Office and the Durban International Film Festival (DIFF). Young up-and-coming filmmakers submit their short films and the best twelve short films are selected for screening at DIFF by a panel of judges. The winner is selected by the audience. The Foundation participated as the prize sponsor for this project. The sponsored prize to the winning team was an opportunity the writer to attend the Sediba Spark Programme with all travel and accommodation sponsored by the NFVF. An additional prize was a fully equipped Apple Mac Pro laptop for the team to utilise for future films as they navigate the journey of filmmaking. Shanelle Jewnarain who hails from Durban was the overall winner of this competition.

### Support of Filmmakers to Attend Short Learning Programmes

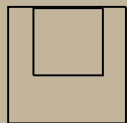
Filmmakers are provided with financial support by the NFVF to attend short learning programmes to enhance skills that would have a direct impact in advancing their careers or projects in development.

Sara Blecher attended the 7th edition Narrative Independent Filmmakers' Lab hosted by the Independent Feature Project (IFP) held in New York. This platform enabled the filmmaker to explore alternative marketing and distribution strategies in the United States market for her film *Otelo Burning*.

Mpho Queen-Mary Motlatle had the opportunity to attend the prestigious Joe Blasco Make-Up Centre in Hollywood. This course enabled her to enhance her special effects make up skills, an area which still requires radical transformation in the industry.

Mariza Matshaya was funded to attend the Entertainment Management Academy, a programme in Switzerland that seeks to empower producers with skills to develop and nurture creative talent particularly within their companies.

James Walsh attended the Adventure Filmmaking Training Programme in Canada offered by The BANFF Centre. The Centre was established by the University of Alberta to offer short skills programmes. This course enabled the young filmmaker to successfully complete his adventure film titled "An Epic Tale."



## SEDIBA SKILLS DEVELOPMENT PROGRAMME

The impact of Sediba in the industry continues to be monitored as it is the objective of the NFVF that filmmakers who successfully complete the programme should have adequate knowledge and skills to operate in a globally competitive industry.

Sediba graduates have been involved in the following projects which are in the various stages from development through to post production. These projects are namely:

- "Wounded" – in post production
- "Otelo Burning" – film was released and filmmaker was also awarded NFVF slate funding
- "Stockholm Zululand" – is ready for production and filmmaker was awarded NFVF slate funding
- "One Last Look" – in production
- "Gatiepie" – development has been completed and writer is currently developing a sequel

Writers trained under the programme continue to find it much easier to land writing work in television.

The Spark for Narrative Fiction is devoted specifically to the development of feature film writing & script editing talent and deals with the foundational principles of story telling. The eighth cycle was completed in this financial year where 34 writers received training and an additional mentee was introduced to help grow the number of skilled black trainers in the field.

Demographics of participants were as follows:

Black Male – 41%

Black Female – 23%

White Male – 24%

White female – 12%

The Sediba Masters Programme is the next stage in the development of the candidates who achieved the highest standards in the Spark Narrative Fiction Programme. This programme is pitched between 4th year university honours and masters level. Learning and development takes place one weekend per month over twelve months combining a much wider reading and viewing list, student led seminars, tutorials and one-on-one script development sessions.

This year saw the introduction of a Concept Development Week Workshop aimed at assisting shortlisted writers to develop more

competitive pitches and to allow the NFVF to select the best projects to develop on the masters programme. 18 script writers and 11 trainee script editors were selected. Demographics were as follows:

Black Male – 28%

Black Female – 22%

White Male – 22%

White female – 28%

A further 2 black females were selected as mentees on the programme with the aim of ensuring skills transfer and creation of a pool of skilled black professionals who will be equipped in the near future to become additional mentors on the programme.

Sediba International Financing Program for Producers is a focused training programme that is aimed at equipping producers with skills and the know-how of sourcing international financing for their projects through co-production partnerships or other permutations. The programme also assists producers to develop business plans in an effort of building sustainable business models. 37 producers completed the training and demographics were as follows:

Black Male – 38%

Black Female – 22%

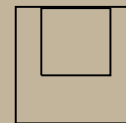
White Male – 18%

White Female – 22%

It is the objective of the NFVF that such programmes will empower more producers to fully utilise the incentive schemes such as the rebate offered by the Department of Trade and Industry because local producers would have acquired the necessary skills of securing investors to fund their production budgets. This will avoid funds being returned to the fiscus as a result of unclaimed rebates. This is still a problematic area as the NFVF continues to experience the writing off of projects with funds being re-directed to the other projects for production.

Three producers are currently on the producer mentorship programme. These producers will at the end of the two year long mentorship have completed a handbook that is relevant to the South African industry in terms of sales, distribution and financing for domestic products





## 6.6 INTERGOVERNMENTAL & STAKEHOLDER RELATIONS

### South African Screen Federation

The NFVF and the South African Screen Federation (SASFED) entered into a formal relation through the terms of engagement which came into effect in April 2011. Since then, two meetings were held in November 2011 and February 2012. The first meeting came after SASFED had an opportunity to meet with the NFVF Council. The outcome of the meeting with Council was that SASFED should engage with management on the issues that were raised in the meeting. The following are some of the issues that were discussed in the meetings:

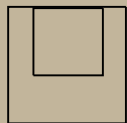
- NFVF to provide an update on the treaties that South Africa had signed with New Zealand and the coming into effect of the South/Africa co-production treaty.
- The NFVF Application Process and ensuring that the dates for council meetings are communicated to the industry timeously
- Concern was raised about the different strategies drafted by different government departments and agencies. The NFVF's Value Charter is a policy document and it could be used as a basis to draft a strategy that is practical and will inform a National Film Policy.

- Updates on the appointment of advisory panels for council and the process.
- Discussion on the proposal of a levy on grants disbursed by the NFVF to fund SASFED in line with international best practices and the procedure to be followed for such a proposal to be approved by the NFVF Council.

The NFVF and SASFED will continue to meet on a quarterly basis.

### Compact Agreement with the Department of Arts and Culture

The shareholder's compact agreement addresses the objective of the previous proposed service level agreement (SLA) that the NFVF had prepared with regard to its relationship with the Department of Arts and Culture (DAC). The DAC has entered into a compact agreement with all its arts and culture institution including the NFVF. It represents the expectations of the Minister and the NFVF Council. The agreement is made on the basis of the NFVF strategic plan for 2011/12 -2016/16 financial years, annual performance program for 2012. The agreement was signed by the Minister and the chairperson of the NFVF Council, Ms Ramagoshi.



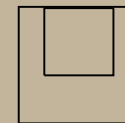
## 6.7 SOUND LEADERSHIP, GOVERNANCE AND MANAGEMENT

### GOVERNANCE

The NFVF is a section 3A Public Entity that is guided by both the principles set out in the NFVF Act as well as the Public Finance Management Act (PFMA). As such, its objectives are to ensure a fully functioning and efficient NFVF office that fulfils its statutory obligations in terms of the NFVF Act and the PFMA and fully meets the service delivery needs of its stakeholders. This means that firstly, the NFVF needs to have adequate resources to fulfil its mandate and secondly to implement and maintain efficient and effective corporate governance systems.

During the year under review the NFVF has:

- Ensured financial compliance with the NFVF Act and the PFMA as well as financial and legal compliance with other statutory bodies (e.g. SARS)
- Ensured an efficient NFVF office that successfully meets the needs of its various stakeholders
- Maintained an administration system that ensures the productivity and quality of the NFVF office
- Maintained an effective and efficient supply chain management system
- Obtained an unqualified audit report for the year ended 31 March 2011
- Identified and managed risks by holding an annual risk workshop which culminated in an annual internal audit plan and a risk register
- Ensured good corporate governance by establishing committees including the audit committee, HR Transco and Exco etc. as well as having a fully functioning and efficient internal audit function
- Ensured that the HR Policies and Procedures are in line with the legislature and best practice



## 6.8 CORPORATE GOVERNANCE REPORT

### BACKGROUND

The Corporate Governance Principles and Practice of the NFVF are based on relevant legislation (incorporating the National Film and Video Foundation Act, as amended by the Cultural Laws Amendment Act, 36 of 2001, the Public Finance Management Act, 1 of 1999), and take into account the Protocol on Corporate Governance in the Public Sector, Notice 637 of 2002, as well as the King Report on Corporate Governance in South Africa, 2002 ("King Report").

In terms of section 6 of the Act, the NFVF functions under the guidance of a Council, appointed by the Minister of Arts and Culture. The Council bears primary responsibility for discharging the statutory mandate of the NFVF as set out in the Act. The Chief Executive Officer, management and staff exist to support the Council in executing its responsibilities.

The NFVF recognises the significance of good governance in the public sector, which is crucial for effective public services and improved social outcomes. The NFVF is committed to ensuring good governance throughout the organisation by observing the principles of the King Report, where possible, within the parameters of public sector legislation. All employees and Council members of the NFVF are expected to conduct the affairs of the NFVF in accordance with the law, and the spirit of the corporate governance principles and practices, which requires a separation of organisational and private interests and the adoption of ethical standards of business.

The Council and Management of the NFVF ensures that its processes and practices are reviewed on an ongoing basis in order to ensure adherence to good corporate governance practices, which are continually benchmarked against international practices.

The Council and Management believe that the organisation has substantially applied and complied with the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa 2002, as well as the Protocol on Corporate Governance in the Public Sector 2002.

### YEAR IN REVIEW

During the financial year ended 31 March 2012, the NFVF's internal auditors, SizweNtsaluba, conducted the following internal audits:

- Audit of Pre-determined objectives
- Financial Discipline Review
- Human Resource Audit
- Information Technology Audit
- Funding Audit
- Auditor General and internal audit follow up review

No significant findings were reported on any of the above audits.

A Risk Assessment Workshop was also conducted with Council members and the executive management team on the 24th of June 2011 to review and update the NFVF risk register.

Based on the outcomes of the risk assessment, a 3 year Rolling Internal Audit Plan was drafted, presented and approved at the Audit Committee on the 28th of July 2011.

In accordance with the NFVF Act 73 of 1997, Council meetings were held on 06 May 2011, 06 June 2011, 14 June 2011, 15 June 2011, 11 July 2011, 12 July 2011, 31 August 2011, 25 October 2011, 16 November 2011, 17 November 2011, 18 November 2011, 7 December 2011, 26 January 2012 and 23 February 2012.

In accordance with its charter, three audit committee meetings were held on 8th July 2011, 28th July 2011 and 28th November 2011.

### TRANSFORMATION COMMITTEE

TRANSCO is the sub-committee of the Council. The principal purpose of the committee is to assist Council in developing and determining HR Policies; review organisational structure and review annual salary increments and benefits.

### TRANSFORMATION COMMITTEE Attendance:

Transco consists of 4 members. The committee is required to meet at least three times a year.

#### Name of Members

Dr Patricia Makhesha (Chairperson)

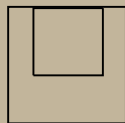
Mr. Sello Molefe - Council member

Mr Avhasei Mukoma- Council member

Ms. Trish Downing - Council member

Ms. Matlhodi Ngwenya – Ex-officio member





## 7. HUMAN RESOURCE MANAGEMENT

### 8.1 Human Resources Strategy

The HR strategy was revised to be in line with the NFVF strategic direction. The strategy focuses on the following activities:

- Organisational design
- Talent management
- Employee development
- Communications
- Employee Wellness
- Organisational culture
- Promoting The NFVF

### 8.2 Performance management

The success of the NFVF in delivering its operational and developmental goals depends largely on the effectiveness and efficiency with which its employees carry out their tasks. A Performance Management System is a key tool to monitor and manage employee and organisational performance.

The focal point of the NFVF's performance management framework is to give guidelines on how the NFVF evaluates individual employee performance and is also utilised to generate appropriate solutions and responses to the employee's developmental needs.

The Performance Management framework consists of the following;

- Performance management process
- NFVF performance management system
- Roles and responsibilities
- Guidelines on how to deal with non performance
- Rewarding of exceptional performance
- Dispute Resolution

### 8.3 Human Capital Strategy

The NFVF finds itself in a unique situation where the skills and knowledge required to deliver on the mandate are not readily available in the open labour market. It therefore becomes incumbent upon the organisation to develop these skills internally. This goes a long way in ensuring that the NFVF retains human capital and institutional memory. As a result, the

following strategies were developed and implemented:

#### • Talent Management

The purpose of the talent management strategy is to ensure operational continuity and sustainability of the NFVF through ensuring that the right people, with the right skills, are in the right role, at the right time. Therefore, enabling successful business and succession planning is an integral part of the talent management process that is completed on an annual basis and that outlines future roles incumbents for key leadership positions and other mission critical positions.

#### • Retention Policy

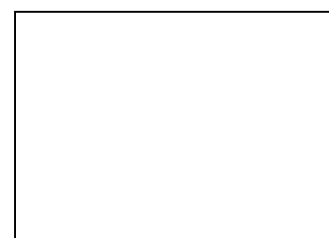
In the endeavour to ensure that skills are retained, the NFVF developed a retention policy. The policy sets out the basic principles according to which the organisation will attempt to retain and develop its valuable "human capital. The retention policy covers the following tactics and strategies: staff development; remuneration; personal life events; environment and infrastructure; workplace relations; communications and termination management.

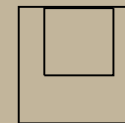
#### • Human Resources Development

The skills development process runs concurrently with the performance management and evaluation to ensure that the Personal Development Plans (PDP) are in line with the skills and competencies required by the NFVF and the steps taken to address the developmental gaps. In the year under review 40% of the staff has attended training. The HR department submits Work skills Plan (WSP) and the Annual Training Report (ATR) to the MICT Seta. The grants from the Seta augments the training budget. As result the NFVF is able to spend atleast 2% of annual payroll toward training and development.

### 8.4 Remuneration

The NFVF is committed to the principle of equity in terms of remuneration. The NFVF strives to remunerate employees at competitive salary scales. In addition the NFVF has a Provident Fund incorporating Group Life, Retirement Annuity and Disability Cover for all employees as well as a comprehensive Medical Aid scheme which were introduced in 2003.





## 7. HUMAN RESOURCE MANAGEMENT

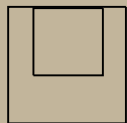
### 8.5 Staff Complement

The NFVF has a staff complement of 26 during the period under review (01 April 2011 – 31 March 2012), 4 employees resigned and 4 employees were appointed.

### 8.6 Employment Equity and Workplace Diversity

The NFVF places a high priority on employment equity as part of its transformation agenda, and is continuously striving to meet its equity targets in terms of race and gender. The table below indicates the NFVF's race and gender representivity:

OCCUPATION LEVEL	FILLED	BLACK		WHITE	
		M	F	M	F
Top Management	1	0	1	-	-
Senior Management	5	1	4	-	-
Middle Management and Experienced Specialists	5	1	4	-	-
Junior Management / Supervisor and high level skilled	14	3	10	-	1
Lower level and semi-skilled/clerical	0	-	0	-	-
Very low skilled	1	-	1	-	-
TOTAL	26	5	20	-	1
		19%	77%	0%	4%



## 8. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2012.

### Audit Committee Responsibility

The Audit Committee has complied with its responsibilities arising from the Treasury Regulations for public entities as issued by the Public Finance Management Act (PFMA), 1999, as amended. The Audit Committee has adopted an appropriate formal audit committee charter, which has been confirmed by the Council of the NFVF, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and have met the required 4 times per annum as per its approved charter. During the year under review (2011/2012), the committee met on 8th July 2011, 28th July 2011, 28th November 2011 and 5th March 2012.

### Name of Member

Ms Tembeka Mjoli – External member (chairperson)  
– 4 meetings

Ms Nadia Bulbulia – External member  
– 4 meetings

Mr Chris Mullin – External member  
– 2 meetings

Mr Mohau Mphomela – Council member  
– 3 meetings

Adv Roshan Rai Dehal – Council member  
– 1 meeting (appointed March 2012)

Mr George Leolo – Council member  
– 3 meetings (June 2011 to February 2012)

### The effectiveness of internal control

The system of internal controls is designed to provide cost effective assurance that assets are safeguarded and liabilities and working capital are efficiently managed. In line with the PFMA

and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported – (remove this sentence). Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

### Evaluation of Financial Statements

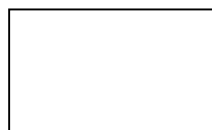
The Audit Committee has:

- reviewed and discussed the audited annual financial statements of the NFVF to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management letter and management's response thereto;
- reviewed changes in accounting policies and practices
- reviewed any significant adjustments resulting from the audit

The committee is satisfied that these statements comply, in all material respects, with the requirements of the PFMA, 1999, as amended, and South African Statements of Generally Recognised Accounting Practice.

### Audit Report

The committee has met with the Auditor-General South Africa to discuss all audit findings.



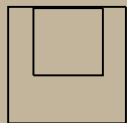
T Mjoli  
Chairperson of the Audit Committee







100



## ANNUAL FINANCIAL STATEMENTS

### NATIONAL FILM AND VIDEO FOUNDATION ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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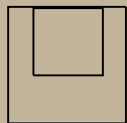
The annual financial statements set out on page 53 to 79 were approved by the Accounting Authority on 31 May 2012 and are signed by:

Ms R Ramagoshi  
Chairperson: NFVF

Ms Z Mkosi  
CEO: NFVF







## REPORT OF THE AUDITOR GENERAL

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL FILM AND VIDEO FOUNDATION FOR THE YEAR ENDED 31 MARCH 2012

#### REPORT ON THE FINANCIAL STATEMENTS

##### INTRODUCTION

1. I have audited the financial statements of the National Film and Video Foundation set on pages 60 to 79, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation of these financial statements in accordance with South Africa Standards of Generally Recognised accounting practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 prescribed by the National Treasury and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depends on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

##### OPINION

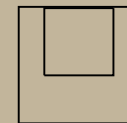
6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Film and Video Foundation as at 31 March 2012, and its financial performance and cash flow for the year ended in accordance with the SA Standards of GRAP and the requirements of the PFMA.

##### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

##### PREDETERMINED OBJECTIVES

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 10 to 31 of the annual report.



## REPORT OF THE AUDITOR GENERAL

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL FILM AND VIDEO FOUNDATION FOR THE YEAR ENDED 31 MARCH 2012

9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound and relevant as required by the National Treasury Framework for managing programme performance information).

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. The material findings are as follows: concerning the usefulness of information.

#### USEFULNESS OF INFORMATION

##### PRESENTATION

##### REASONS FOR MAJOR VARIANCES NOT EXPLAINED

11. A total of 22.4% (>20%) of major variances between planned and actual achievements were not explained in the annual performance report for the year under review as per the National Treasury annual report preparation guide. This was due to a lack of documented and approved internal policies and procedures to address reporting processes and events pertaining to performance management and reporting.

##### MEASURABILITY

##### PERFORMANCE TARGETS NOT SPECIFIC

12. The National Treasury Framework for managing programme performance information (FMPP) requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 34% (>20%) of the targets relevant to fundraising and marketing, policy and research, production and development content, distribution and marketing were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management were not aware of the requirements of the FMPP.

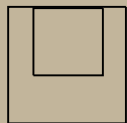
##### PERFORMANCE TARGETS NOT MEASURABLE

13. The National Treasury Framework for managing programme performance information (FMPP) requires that performance targets be measurable. The required performance could not be measured for a total of 62% (>20%) of the targets relevant to fundraising and marketing, policy and research, production and development content, distribution and marketing. This was due to the fact that management was not aware of the requirements of the FMPP.

##### Performance targets not time bound

14. The National treasury Framework for managing programme performance information (FMPP) requires that the time period or deadline for delivery be specified. A total of 79% (>20%) of the targets relevant to fundraising and marketing, policy and research, production and development content, distribution and marketing were not time bound in specifying a time period or deadline for delivery. This was





## REPORT OF THE AUDITOR GENERAL

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL FILM AND VIDEO FOUNDATION FOR THE YEAR ENDED 31 MARCH 2012

#### PERFORMANCE TARGETS NOT TIME BOUND

14. The National treasury Framework for managing programme performance information (FMPPi) requires that the time period or deadline for delivery be specified. A total of 79% (>20%) of the targets relevant to fundraising and marketing, policy and research, production and development content, distribution and marketing were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was not aware of the requirements of the FMPPi and management failure develops SMARTS targets.

#### PERFORMANCE INDICATORS AND MEASURES NOT WELL DEFINED

15. The National Treasury Framework for managing programme performance information (FMPPi) requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 34% (>20%) of the indicators relevant to fundraising and marketing, policy and research, production and development content, distribution and marketing were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was not aware of the requirements of the FMPPi.

#### RELIABILITY OF INFORMATION

16. There were no material findings on the annual performance report concerning the reliability of the information.

#### Additional matter

17. I draw attention to the matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

#### ACHIEVEMENT OF PLANNED TARGETS

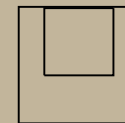
18. Of the total number of planned targets, only 49 were achieved during the year under review. This represents 22.4% of total planned targets that were not achieved. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

#### COMPLIANCE WITH LAWS AND REGULATIONS

19. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

#### ANNUAL FINANCIAL STATEMENTS

20. The annual financial statements submitted for auditing were prepared in accordance with the prescribed financial reporting framework, however material misstatements were identified by the auditors in the submitted financial statements and were subsequently corrected which is contravention of section 55(2) of the PFMA. The material misstatements relating to current liabilities and disclosure items were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.



## REPORT OF THE AUDITOR GENERAL

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL FILM AND VIDEO FOUNDATION FOR THE YEAR ENDED 31 MARCH 2012

#### EXPENDITURE MANAGEMENT

21. The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by sections 51(1)(b)(ii) of the PFMA.

#### PROCUREMENT CONTRACT MANAGEMENT

22. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulations 16A6.3(b).

23. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.

24. Sufficient appropriate audit evidence could not be obtained that grants were awarded to applicants whose tax matters have been declared by the South African Revenue Services to be in order as required by Treasury Regulations 16A9.1 (d).

#### INTERNAL CONTROL

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

#### LEADERSHIP

26. Management did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

#### FINANCIAL AND PERFORMANCE MANAGEMENT

27. Management did not prepare adequate and complete financial and performance reports that are supported and evidenced by reliable information.

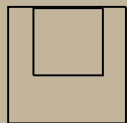
28. Management did not adequately review and monitor compliance with laws and regulations.



Johannesburg

31 July 2012





## REPORT OF THE AUDITOR GENERAL

### ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2012

#### 1. INTRODUCTION

The Accounting Authority presents the report that forms part of the audited annual financial statements of the organisation for the year ended 31 March 2012.

The National Film and Video Foundation is established in terms of the National Film and Video Foundation (NFVF) Act no. 73 of 1997 and is listed as a national public entity in schedule 3A of the Public Finance Management Act (PFMA), 1999, as amended.

The council acts as the accounting authority of the NFVF, in terms of the PFMA.

#### 2 DIRECTORS OF THE ENTITY

Executive director:

Ms Z Mkosi (Chief Executive Officer)

Non-executive directors (council):

Ms M Ramagoshi (Chairperson)

Mr G Leolo (Deputy Chairperson)

Ms S Gordon

Mr M Mphomela

Mr A Mukoma

Ms G Mhlope-Becker

Mr L Mitchell

Mr P Raleigh

Mr S Molefe

Ms S Makhesha

Ms T Downing

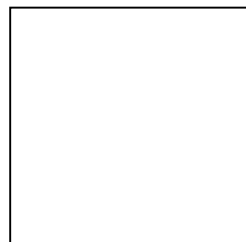
Ms Z Mkosi

Adv. R Dehal

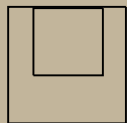
Adv. R Solomons

Council members Mr L Mitchell and Z Mkosi resigned on 15 January 2012.





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## REPORT OF THE AUDITOR GENERAL

### ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2012

#### 3.ORGANISATIONAL STRUCTURE

The organisation currently employs 26 permanent staff including the chief executive officer and 5 executive managers. 4 additional staff members were employed during the year, and 4 employees resigned.

#### REMUNERATION FOR THE YEAR

##### Non-Executive Directors : Council

Council Member	Amount	Number of Meetings attended					
		Council 9 meetings	Strategy sessions 3 meetings	Exco 4 meetings	Transco 5 meetings	CEO appointment 4 meetings	Other 4 meetings
M Ramagoshi(Chairperson)	R 78 000	7	3	4		2	1
Mr G Leolo	R 72 000	9	3	1			1
Ms S Gordon	R 45 000	6	1	1			1
Mr M Mphomela	R 63 000	7	2				3
Mr A Mukoma	R 84 000	7	3		4	4	2
Ms G Mhlope-Becker	R 41 000	6	1				
Mr L Mitchell	R 62 000	6	3	3			1
Mr P Raleigh	R 50 000	7	2				2
Mr S Molefe	R 109 000	9	3	4	5	3	2
Ms S Makhesha	R 65 000	6	3		3	3	
Ms T Downing	R 96 000	8	3		5	4	4
Ms Z Mkosi	R 71 000	7	2	2			1
Adv R Dehal	R 51 000	8	2				
Adv R Solomons	R 72 000	8	2	4			2

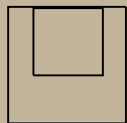
##### Audit Committee

Audit Committee member	Amount	No of meetings attended		
		Audit	4 Meetings	Other
Ms T Mjoli(Chairperson)	R 15 000	4		1
Mr C Mullin	R 6 000	2		
Mr M Mphomela	R 12 000	3		1
Mr G Leolo	R 12 000	3		1
Adv R Dehal	R 6 000	1		1
Ms N Bulbulia	R 12 000	4		

##### Executive Management:

	Basic Salary	Bonus	Allowances	Contributions	Total
CEO: E Mbalo	270 870	369 929	3 000	27 087	670 886
CEO – Acting: KN Son	581 944	-	5 000	3 138	590 082
CEO: Z Mkosi	95 634	7 969	1 000	9 563	114 166
CFO: KN Son	262 477	82 024	2 000	3 138	349 640
CFO – Acting: R Bhoola	369 217	-	4 000	37 581	410 798
Head: Marketing: A Muendane	506 144	42 179	6 000	65 277	619 600
Head: Policy & Research: A Mathwanya	526 416	54 835	6 000	52 642	639 893
Head: Human Resources: M Ngwenya	598 413	62 335	6 000	81 706	748 454
Head: Production & Development: C Hamilton	564 995	58 854	6 000	56 499	686 349





## REPORT OF THE AUDITOR GENERAL

### ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2012

#### 4 GOING CONCERN

The Council and Management of the Foundation are of the opinion that the organisation will continue as a going concern in the foreseeable future.

#### 5 PRINCIPAL ACTIVITIES

The principal activities of the organisation during the year comprise support to the film and video industry through the granting of funds for the development and production of film projects, the granting of bursaries and support of training initiatives, and the marketing and promotion of film and video projects.

#### 6 OPERATING RESULTS

The surplus of the organisation for the year was R 191 085 (2011 surplus: R 40 135)

#### 7 REVIEW OF OPERATIONS

##### Revenue

Revenue comprises funding received from Government, sponsors and other stakeholders.

The increase in revenue is attributable to an increase in allocation from the Department of Arts and Culture.

##### OPERATING EXPENSES

4 staff members resigned and 4 new staff members were employed during the current financial year.

The organisation hosted the sixth annual South African Film and Television Awards (SAFTA) in February 2012.

#### 8 EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

The Accounting Authority is not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the organisation or the results of its operations.

#### 9 AUDITORS

The Office of the Auditor General will continue in accordance with section 58(1)(a) of the PFMA

#### 10 ADDRESSES

The entity's business, postal and registered addresses are as follows:

##### Business address / domicile:

87 Central Street  
Houghton  
2198

##### Postal address:

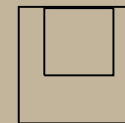
Private Bag X04  
Northlands  
2116

##### Registered address:

87 Central Street  
Houghton  
2198



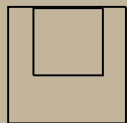




# NATIONAL FILM AND VIDEO FOUNDATION

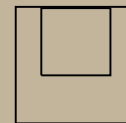
## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Note	2 012 R	2 011 R
<b>ASSETS</b>			
Non Current Assets		1 951 494	1 953 449
Plant and equipment	3	1 230 468	1 472 505
Intangible assets	4	524 466	284 384
Rental deposit		196 560	196 560
Current Assets		46 061 144	26 126 698
Cash and cash equivalents	13	44 872 606	23 715 566
Trade and other receivables	5	-	1 212 590
Prepayments		1 188 538	1 198 542
<b>TOTAL ASSETS</b>		<b>48 012 638</b>	<b>28 080 147</b>
<b>LIABILITIES</b>			
Current Liabilities		27 066 763	19 029 474
Trade and other payables	6,1	433 112	1 596 601
Operating lease liability	15,2	327 458	70 242
Provisions	6,2	16 215 340	7 362 631
Payments received in advance	7	10 090 852	10 000 000
Non-Current Liabilities		19 335 844	7 615 920
Provisions	6,2	18 963 764	6 916 382
Operating lease liability	15,2	372 080	699 538
<b>TOTAL LIABILITIES</b>		<b>46 402 607</b>	<b>26 645 394</b>
<b>NET ASSETS</b>		<b>1 610 031</b>	<b>1 434 753</b>
<b>NET ASSETS</b>			
Accumulated surplus		1 782 199	1 591 114



**NATIONAL FILM AND VIDEO FOUNDATION**  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2012

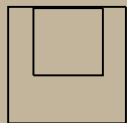
	Note	2 012 R	2 011 R
R venue	8	76 749 375	40 938 112
Non-exchange		74 879 000	39 459 000
Exchange		1 870 375	1 479 112
Grant expenses	9	(58 235 953)	(24 466 331)
Gross profit		18 513 422	16 471 781
Operating expenses	10	(20 158 638)	(17 103 678)
Deficit from operations		(1 645 216)	(631 897)
Investment revenue	11	1 836 301	672 032
(Deficit) / surplus for the year		191 085	40 135



## NATIONAL FILM AND VIDEO FOUNDATION

### STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2012

	Accumulated surplus R	Total R
Balance as at 31 March 2010	1 550 979	1 550 979
Surplus for the year	40 135	40 135
Balance as at 31 March 2011	1 591 114	1 591 114
Surplus for the year	191 085	191 085
Balance as at 31 March 2012	1 782 199	1 782 199

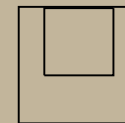


# NATIONAL FILM AND VIDEO FOUNDATION

## STATEMENT OF CASH FLOW PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2012

	Note	2 012 R Actual R	2 011 R Actual R
Cash flow from operating activities			
Receipts		78 585 676	41 610 144
Non-exchange	8	74 879 000	39 459 000
Exchange	8	1 870 375	1 479 112
Interest income	11	1 836 301	672 032
Payments		(55 168 326)	(29 448 350)
Employee costs		(11 090 058)	(10 299 688)
Suppliers		(44 078 268)	(19 148 662)
Net Cash flows from operating activities	12		
Cash flow from investing activities			
Purchase of plant and equipment	3	272 609	388 083
Purchase of intangible assets	4	330 729	237 470
Proceeds on disposal of plant and equipment		-	9 585
Net Cash flows used in investing activities		603 338	635 138
Cash flow from financing activities			
Operating Lease payments		(2 863 648)	(1 550 632)
Net Cash flows from financing activities		(2 863 648)	(1 550 632)
Net Increase / (decrease) in cash and cash equivalents		21 157 040	11 246 300
Cash and cash equivalents at the beginning of the year		23 715 566	12 469 266
Cash and cash equivalents at the end of the year	13	44 872 606	23 715 566





## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 1. Basis of preparation

The annual financial statements of the foundation have been prepared in accordance with the effective South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board

##### 1.1 Standards of GRAP approved but not yet effective

The following GRAP Standards were issued but not yet effective at the reporting date:

- GRAP 23: Revenue from non-exchange transactions
- GRAP 24: Presentation of budget information
- GRAP 25: Employee benefits
- GRAP 26: Impairment of cash generating assets
- GRAP 104: Financial Instruments
- GRAP 105: Transfers of functions

#### 2. Summary of significant accounting policies

The following are the principal accounting policies of the foundation which are prepared on an accrual basis and in all material respects, consistent with those applied in the previous year. The annual financial statements of the foundation have been prepared on the historical cost and going concern basis.

##### 2.1 Significant accounting estimates and judgements

In preparing the annual financial statements, management has made estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant estimates and judgements include:

###### Estimates

###### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 6.2 to the annual financial statements.

###### Plant and equipment

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment. Management has prescribed rates that are in accordance with best practice.

###### Judgements

###### Leases

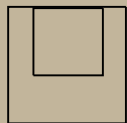
Management has applied its judgment to classify all lease agreements that the foundation is party to as operating leases if the leases do not transfer substantially all risks and rewards of ownership to the foundation, or the other recognition criteria is met in terms of GRAP to classify leases as operating leases.

##### 2.2 Revenue

Revenue is recognised when it is probable that future economic benefits will flow to the foundation and when the amount can be measured reliably. Revenue is measured at the fair value of the consideration received.

Revenue comprises of income from the Department of Arts and Culture (DAC), the Department of Trade & Industry (Dti), and other sources.





## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### Government grants

Government grants received by the foundation relates to financial support that the foundation receives as a public entity in order to carry out its mandate. All government grants are recognised in the statement of financial performance for the year to which they relate.

#### Payments received in advance

Government grants are recorded as payments received in advance when they are received.

The liability will be discharged and revenue recognised as the conditions of the agreement is satisfied.

#### Interest Revenue

Interest income is recognised as part of investment income using the effective interest method.

#### 2.3 Prepayments

Prepayments are payments made for festivals in order to secure orders placed and receive discounted rates.

#### 2.4 Plant and equipment

Plant and equipment are shown at cost less accumulated depreciation and accumulated impairment. Costs include costs incurred initially to acquire or construct an item of plant and equipment and cost incurred subsequently to add to, replace part of, or service it. Plant and equipment are depreciated on the straight line method at rates which are estimated to write off each asset over its useful life, as follows:

Computer hardware	33,33%	p.a
Furniture and fittings	10% - 16.67% %	p.a
Computer software	50,00%	p.a
Office equipment	16,67%	p.a
Motor vehicles	20,00%	p.a

The residual values, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted if appropriate. Any change resulting from the review is treated as a change in accounting estimate. Depreciation commences when the asset is available for use. Valuations to plant and equipment are performed bi-annually to ensure that the fair value does not differ materially from its carrying amount.

All gains or losses arising on the disposal of scrapping of plant and equipment are recognised in the statement of financial performance in the period of disposal or scrapping. Repairs and maintenance are charges to the statement of financial performance when the expenditure is incurred.

#### 2.5 Intangible assets

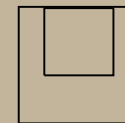
Intangible assets are identifiable assets without physical substance. No intangible asset is recognised arising from research. The foundation's intangible assets are shown at cost less accumulated amortisation. Intangible assets are amortised over its estimated useful life, using the straight line method and is calculated to reduce the original costs to the expected residual values over the estimated useful lives.

The amortisation rates are as follows:

Intangible assets	10,00% p.a
-------------------	------------

The amortisation period and the amortisation method for intangible assets are reviewed bi-annually.

Useful lives and residual values are assessed bi-annually.



## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 2.6 Non-current assets

There were no major changes in the nature of the non-current assets of the foundation, nor to its policy regarding its use during the year under review.

#### 2.7 Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and financial liabilities are recognised on the statement of financial position when the foundation becomes a party to the contractual provisions of the instrument. Financial instruments recognised on the statement of financial position include trade and other receivables, cash and cash equivalents, trade and other payables

##### Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less any impairment. Impairment is determined on a specific basis, whereby each asset is individually assessed for impairment indicators. Receivables are purely from non-exchange transactions whereby a service was rendered by the organisation.

##### Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and deposits held at banks. Cash and cash equivalents are initially and subsequently measured at amortised cost.

##### Trade and other payables

Trade and other payables are measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

##### Impairment of financial instruments

The Foundation assesses on each statement of financial position date whether a financial asset of the foundation is impaired. Impairments are made when there is objective evidence that cash flows from specific financial assets would not materialise. Cash flow values estimated not to materialise are impaired. The amount of the impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The amount of the impairment is recognised in the statement of financial performance.

##### Derecognition of financial instruments

###### Financial assets

Financial assets (or part thereof) are derecognised when the Foundation realises the rights to benefits specified in the contract, the right expires, or the Foundation surrenders or otherwise loses control of the contractual rights that comprise the financial asset.

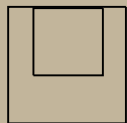
###### Financial liabilities

Financial liabilities (or part thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

##### Off-setting of financial instruments

Financial assets and financial liabilities are offset, if a legally enforceable right exists to set off financial assets against financial liabilities and the financial instrument relate to the same foundation.





## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 2.8 Provisions

Provisions were raised and management determined an estimate based on the information available. A provision is a liability of uncertain timing or amount. Provisions are recognised when the foundation has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

Additional disclosure of these estimates of provisions are included in note 6.2 to the annual financial statements. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Contingent assets and contingent liabilities are not recognised as provisions as they do not comply with the recognition criteria.

##### 2.8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised as provisions as they do not comply with the recognition criteria.

#### 2.9 Taxation

No provision has been made for income tax as the foundation is exempted in terms of section 10(1) (cA) (1) of the Income Tax Act, 1962 (Act No. 58 of 1962).

#### 2.10 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### 2.11 Presentation currency

Amounts in the annual financial statements are presented and disclosed in South African Rand, and are rounded to the nearest South African rand.

#### 2.12 Employee Benefits

Short-term employee benefits are recognised during the period in which the employee renders the related service. The foundation operates a defined retirement contribution plan for its employees and is not liable for any actuarial losses sustained by the fund. Accordingly, no provision has been made for any such losses and contributions paid are expensed.

#### 2.13 Related Parties

All related party transaction that are entered into by the foundation are disclosed in the annual financial statements

#### 2.14 Irregular and fruitless and wasteful expenditure

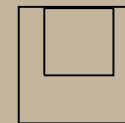
Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

#### 2.15 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability. This liability is not discounted. Additional disclosure of operating leases is included in note 15 of the annual financial statements



## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 2.16 Impairment of assets

The Foundation assesses at each statement of financial performance date whether there is any indication that an asset may be impaired. If any such indication exists, the Foundation estimates the recoverable amount of the asset. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of financial performance. Any impairment loss of a revalued asset is treated as a revaluation decrease. An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

#### 3. Plant and equipment

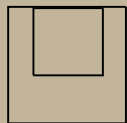
	R	R	R	R	R
2012	Computer hardware	Furniture & fittings	Motor Vehicles	Office equipment	Total
Cost as at 31 March 2012	637 630	2 374 409	-	201 578	3 213 617
Accumulated depreciation	399 852	1 430 085	-	153 212	1 983 149
Net book value at 31 March 2012	237 778	944 324	-	48 366	1 230 468

	R	R	R	R	R
Reconciliation - 2012	Computer hardware	Furniture & fittings	Motor Vehicles	Office equipment	Total
Net book value at 1 April 2011	211 628	1 217 811	-	43 065	1 472 504
Additions	239 952	10 571	-	22 086	272 609
Work-in-progress offs			-		- Write-offs
Depreciation	213 802	284 058	-	16 785	514 645
Net book value at 31 March 2012	237 778	944 324	-	48 366	1 230 468

2011	Computer hardware	Furniture & fittings	Motor Vehicles	Office equipment	Total
Cost as at 31 March 2011	728 719	3 089 923	118 959	355 922	4 293 523
Accumulated depreciation	517 090	1 872 112	118 959	312 857	2 821 018
Net book value at 31 March 2011	211 629	1 217 811	-	43 065	1 472 505

	R	R	R	R	R
Reconciliation - 2011	Computer hardware	Furniture & fittings	Motor Vehicles	Office equipment	Total
Net book value at 1 April 2010	213 591	1 239 491	94 558	57 740	1 605 380
Additions	214 849	173 234			388 083
Work-in progress Write-offs			64 056		-
Depreciation	216 811	194 914	30 502	14 675	64 056
Net book value at 31 March 2011	211 629	1 217 811	-	43 065	456 902
					1 472 505

There were no impairments to plant and equipment during the year (2011:Nil).



## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 4. Intangible assets

This relates to the NFVF computer software, website and specialised software.

	2012 R	2011 R
Cost as at the beginning of the year	633 862	1 023 537
Accumulated amortisation	109 396	739 153
Net book value at the end of the year	524 466	284 384
Reconciliation		
Net book value at the beginning of the year	284 384	172 491
Additions	330 729	84 579
Work-in-progress	-	152 891
Amortisation	90 647	125 577
Net book value at the end of the year	524 466	284 384

There were no impairment to intangible assets during the year (2011:Nil).

## NATIONAL FILM AND VIDEO FOUNDATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

## 5. Trade and other receivables

## 5.1. Funds received from exchange transactions

SABC: SAFTA

Film &amp; Publications Board

2012 R	2011 R
-	1 200 000
-	12 590
-	1 212 590

	R	R	R	R	R	R
	1-30 days	31-60 days	61-90 days	91-120 days	120+ days	Total
2011						
Gross trade receivables	-	-	12 590	-	1 200 000	1 212 590
Impairment of trade receivables	-	-	-	-		
Nett trade receivables	-	-	12 590	-	1 200 000	1 212 590

## 6.1 Trade and other payables

Salaries and Wages

Provident fund accrual

Cashbook accruals

2012 R	2011 R
10	-
	1 867
433 102	1 594 734
433 112	1 596 601

All trade payables are non-interest bearing and are normally settled on a 30 day term.

## 6.2 Provisions

## 6.2.1 Provision for grants issued by NFVF

Opening balance as at 01 April 2011

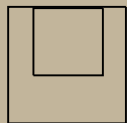
New grants issued (note 9)

Payments made during the year

Closing balance as at 31 March 2012

2012 R	2011 R
13 832 764	14 267 855
58 235 953	24 466 331
(37 660 472)	(24 901 422)
34 408 245	13 832 764

The Foundation issues grants in the following categories: training and bursaries; research and script development; production and distribution and marketing. Management determined estimates based on calculations of current and non-current portions.



## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

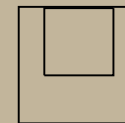
	2012 R	2011 R
6.2.2 Provision for leave pay		
Opening balance as at 01 April 2011	289 888	254 113
Utilised during the year	(289 888)	(254 113)
Originated during the year	426 523	289 888
Closing balance as at 31 March 2012	426 523	289 888

A provision for leave is recognised for leave due to employees at year end and calculated using the BCEA rates. The provision is expected to be realised within the following financial year when the employees utilise the leave or resign.

	2012 R	2011 R
6.2.3 Provision for 13th cheque		
Opening balance as at 01 April 2011	156 361	153 847
Utilised during the year	(156 361)	(153 847)
Originated during the year	172 168	156 361
Closing balance as at 31 March 2012	172 168	156 361

Current	16 043 172	7 206 270
Non-current	18 963 764	6 916 382
Total provisions	35 006 936	14 122 652





## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

7. Payments received in advance  
Department of Arts and Culture  
Opening balance as at 01 April 2011  
Received during the year  
Closing balance as at 31 March 2012

2012 R	2011 R
10 000 000	-
-	10 000 000
10 000 000	10 000 000

The funds received relate to the installation of digital equipment for community viewing as well as upgrading of facilities in under-served areas. The funds were received close to year end 31 March 2011. It was originally anticipated that the project will commence in the financial year 2011/2012. The NFVF was unable to commence with the project due to change in conditions from DAC. The NFVF is still awaiting a letter of confirmation and contract and we anticipate that the project will be finalised by 31 March 2013.

Eastern Cape Development Corporation (AFCl 2012)

Received during the year  
Closing balance as at 31 March 2012

90 852	-
	90 852
	-

Funds received from the ECDC are in respect of the AFCl taking place in June 2012

Total payments received in advance

10 090 852	10 000 000
------------	------------

#### 8. Revenue

8.1 Revenue from Non Exchange Transactions  
Department of Arts and Culture - annual allocation  
Department of Trade and Industry

2012 R	2011 R
74 879 000	38 859 000
-	600 000

#### 8.2 Revenue from Exchange Transactions

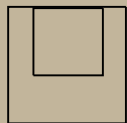
Partnerships for events  
Recoupments  
Other  
Sales

276 970	853 088
1 401 973	449 742
187 582	163 333
3 850	12 949
76 749 375	40 938 112

#### 9. Grants expense

Training & bursaries  
Script development  
Production  
Research projects  
Distribution & marketing

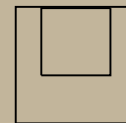
2012 R	2011 R
7 932 267	4 211 700
7 502 216	1 460 992
21 911 194	8 692 211
794 716	767 517
20 095 560	9 333 911
58 235 953	24 466 331



# NATIONAL FILM AND VIDEO FOUNDATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

		2012 R	2011 R
10. Operating expenses			
Included in the operating expenses are the following:			
Audit fees - Internal		487 217	440 080
- External Audit fees		310 924	478 402
Advertising		180 620	63 258
Bank Charges		40 912	35 590
Cleaning		34 911	36 972
Computer Expenses		128 613	116 367
Courier & Postage		76 629	74 565
Conferences		250 917	-
Electricity & Water		431 538	341 617
Entertainment Expenses		-	1 300
Equipment Hire		322 358	276 325
Facilitation & Documentation		213 516	148 640
Food & Beverage		410	4 978
General Office Supplies		3 577	2 746
Insurance		48 886	66 312
Legal Fees Membership		154 036	46 970
Fees Plants & Flowers		-	55 972
Printing & Stationery		47 954	48 079
Repairs & Maintenance		85 340	61 689
Security		36 201	10 459
Staff Training		158 916	152 076
Subscriptions - Other		153 920	84 567
Telephone & Fax		36 902	20 502
Venue and Catering costs		248 115	240 996
		106 989	61 177
Consulting services			
Professional services - staff recruitment		402 418	128 914
Website expenses		276 645	16 099
		125 773	112 815
Councillors' services			
Honorarium - council meetings			
		1 027 000	276 000
Depreciation on plant and equipment and intangible assets	3 & 4	605 290	582 479
Panelist fees			
Rent paid - Buildings		305 850	187 700
		2 319 455	2 319 455
Salaries and wages	10.2		
Salaries and wages - executive management	18.2	11 482 339	10 400 795
Salaries and wages - other staff		4 829 868	5 163 583
Travel and accommodation		6 652 471	5 237 212
		456 885	338 698
		20 158 638	17 103 678

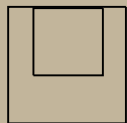


## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

10.2 Salaries and wages	11 482 339	10 400 795
Gross Salary	8 612 659	7 889 095
Cellphone Allowance	70 000	74 500
Medical Aid	469 081	464 673
Provident Fund	765 055	721 924
UIF	39 456	40 112
Skills Development Levy	98 819	90 901
Workmans Compensation	2 734	21 204
Bonus	1 204 424	1 027 576
Leave Provision	220 113	70 809
	2012	2011
	R	R
11. Investment revenue		
Interest income - Bank Deposits	1 836 301	672 032
	2012	2011
	R	R
12. Cash generated from / (utilised in) operations	23 475 673	12 161 794
Surplus/(Deficit for the year)	191 085	40 135
Interest income	1 836 301	672 032
Adjustments for:		
Profit on the sale of plant and equipment	-	(9 585)
Write-offs	-	64 056
Depreciation and amortisation on plant and equipment and intangible assets	605 292	582 479
Loss on revaluation of furniture and fittings	47 315	
(Decrease)/Increase in operating lease	70 242	(186 253)
Increase / (decrease) in provisions	20 575 481	(399 316)
Changes in working capital:		
(Increase) / decrease in trade and other receivables	1 212 590	216 689
(Increase) / decrease in prepayments	10 004	236 274
Increase / (decrease) in trade and other creditors	(1 072 637)	10 945 283
	2012	2011
	R	R
13. Cash and cash equivalents	44 872 606	23 715 566
First National Bank	847 226	898 211
Corporation for Public Deposits	44 023 380	22 815 355
Petty cash	2 000	2 000

Cash and cash equivalents earn interest at floating rates based on the daily bank deposits.



# NATIONAL FILM AND VIDEO FOUNDATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

### 14. Reconciliation of budget with statement of financial performance

Net surplus per statement of financial performance

Adjusted for

Increase in revenue

Timing differences

Net surplus per approved budget

2012 R	2011 R
191 085	40 135
(2 986 677)	(1 531 144)
2 825 592	1 518 694
30 000	27 685

### 15. Lease arrangements

#### 15.1 Operating lease commitments

At the statement of financial position date the foundation had outstanding commitments which relates to various operating leases and falls due as follows:

#### 2012

Building

Switchboard

Photocopier

2012 R	2011 R
Up to 1 Year	2 - 5 years
2 591 583	2 085 909
35 680	-
255 335	112 504
2 882 598	2 198 413

#### 2011

Building

Switchboard

Photocopier

2012 R	2011 R
Up to 1 Year	2 - 5 years
2 355 985	4 677 492
102 385	35 680
222 030	367 839
2 680 401	5 081 011

#### Rental:

The building lease expired on 31 December 2008. The lease was renewed for a further 5 year term from 01 January 2009 - 31 December 2013, 87 Central Properties allows for an annual escalation of 10% per annum.

The lease expense for the year ended 31 March 2012 is R 2 319 455.

#### National Samsung - PABX System

This is a 60 month contract allowing for 15% escalation fee annually.

The lease expense for the year ended 31 March 2012 is R 82 527.

#### National Samsung - Equipment

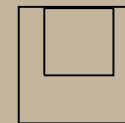
This is a 60 month contract allowing for 15% escalation fee annually. This lease was entered into on 01 September 2008. The lease expense for the year ended 31 March 2012 is R 208 176

Short term portion of Operating Lease Liability

Long term portion of Operating Lease Liability

#### 15.2 Operating lease liability

2012 R	2011 R
327 458	70 242
372 080	699 538
699 538	769 780



## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
16. Irregular expenditure		
Irregular expenditure	7 626 601	-
Less: Condoned	(6 973 383)	-
The Foundation incurred irregular expenditure during the financial year under review.	653 217	-

NFVF did not calculate the Preferential Policy Points for 5 suppliers amounting to R R653 217 according to the Treasury formula. The amount of R6 973 383 was for suppliers procured for the SAFTA's (South African Film and Television Awards). Council approved a deviation to not invite competitive bids but the deviation is not justified.

#### 17. Related parties

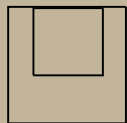
During the year, the foundation entered into a related party transaction with the Department of Arts and Culture

	2012 R	2011 R
Amounts received from related parties		
Department of Arts and Culture	74 879 000	38 859 000
Department of Trade and Industry	-	600 000
International Marketing Council	-	570 000
Cape Film Commission	42 385	-
Durban Film Office	140 000	-
Eastern Cape Development Corporation	42 385	-
MICT Seta	39 570	10 395

All balances are unsecured, interest free, with no fixed terms of repayment and are recorded at fair values. Council members including sub-committees i.e. Audit, Transco and Exco only receive honorariums for meetings attended. Executive management is defined as employees who have the ability to direct and control the operations of the foundation. The NFVF Executive management only receive remuneration for salaries. No loans have been advanced to the Executive management during the financial year. There are no further payments expedited to these members.

Key management personnel remuneration

Refer to note 18



# NATIONAL FILM AND VIDEO FOUNDATION

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

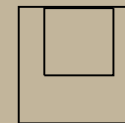
### 18. Disclosure of remuneration

#### 18.1 Non Executive Honorarium - council services

	2012 R	2011 R
18.1 Non Executive Honorarium - council services	994 000	210 000
Ms C Mampane	-	15 000
Mr M Rosin	-	20 000
Ms N Sowazi	-	15 000
Mr M Ngonyama	-	20 000
Ms S Gordon	48 000	15 000
Mr M Smit	-	20 000
Mr M Mphomela	75 000	20 000
Ms N Bulbulia	-	20 000
Mr S Bhembe	-	15 000
Mr D Bensusan	-	20 000
Prof P Ntuli	-	10 000
Adv R Solomon	72 000	20 000
Ms M Ramagoshi	83 000	-
Mr A Mukoma	84 000	-
Ms G Mhlope Becker	41 000	-
Mr G Leolo	84 000	-
Mr L Mitchell	75 000	-
Mr P Raleigh	50 000	-
Adv R Rai Dehal	57 000	-
Mr S Molefe	109 000	-
Dr SP Makhesha	62 000	-
Ms T Downing	93 000	-
Ms Z Mkosi	61 000	-

#### 18.2 Executive management salaries - 2012

	R Basic Salary	R Bonus	R Allowances	R Medical Aid / Provident Fund	R Total
Chief Executive Officer - KE Mballo	270 870	369 929	3 000	27 087	670 886
Chief Executive Officer - Z Mkosi	95 634	7 969	1 000	9 563	114 166
Acting Chief Executive Officer: July 2011 to Feb 2012	581 944	-	5 000	3 138	590 082
Chief Financial Officer	262 477	82 024	2 000	3 138	349 640
Acting Chief Financial Officer: July 2011 to Feb 2012	369 217	-	4 000	37 581	410 798
Head: Marketing	506 144	42 179	6 000	65 277	619 600
Head: Policy & Research	526 416	54 835	6 000	52 642	639 893
Head: Human Resources	598 413	62 335	6 000	81 706	748 454
Head: Production and Development	564 995	58 854	6 000	56 499	686 349
	<u>3 776 110</u>	<u>678 125</u>	<u>39 000</u>	<u>336 633</u>	<u>4 829 868</u>



## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### Executive management salaries - 2011

	R	R	R	R	R
	Basic Salary	Bonus	Allowances	Medical Aid/ Provident Fund	Total
Chief Executive Officer	974 352	405 980	12 000	142 063	1 534 395
Chief Financial Officer	683 534	56 961	6 000	-	746 495
Head: Marketing	422 291	37 592	6 000	57 056	522 939
Head: Policy & Research	469 177	39 097	6 000	54 926	569 200
Head: Human Resources	524 005	43 667	6 000	70 489	644 160
Head: New Ventures	436 415	47 278	5 000	61 084	549 777
Head: Production and Development	499 113	41 593	6 000	49 911	596 616
	<u>4 008 885</u>	<u>672 169</u>	<u>47 000</u>	<u>435 529</u>	<u>5 163 583</u>

#### 19. Financial instruments

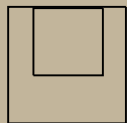
As at 31 March 2012, the carrying values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values due to the short term maturities of these assets and liabilities as disclosed below.

		2012	2011
Financial assets			
Cash and cash equivalents	Carrying value	44 872 606	23 715 566
	Fair value	44 872 606	23 715 566
Trade and other receivables	Carrying amount	1 188 538	2 411 132
	Fair value	1 188 538	2 411 132
Financial liabilities			
Trade and other payables	Carrying value	433 112	1 596 601
	Fair value	433 112	1 596 601
Operating lease liability	Carrying value	699 538	769 780
	Fair value	699 538	769 780

#### 20. Financial risk management objectives and policies

The main business risks faced by the foundation in respect of its principal non-derivative financial instruments are interest rate risk and liquidity risk. Management reviews and agree controls for managing these risks





## NATIONAL FILM AND VIDEO FOUNDATION

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

#### 20.1 Interest rate risk

The Foundation's exposure to the risk of changes in market interest rates relates primarily to the foundation's cash and cash equivalents with floating interest rates. Cash and cash equivalents attract interest at rates that vary with prime. The Foundation manages its interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/(deficit) of the foundation. The foundation is not exposed to significant interest rate risk as the foundation does not have any external funding, other than cash and cash equivalents with the bank.

The following sets out the carrying amount, of the foundation's cash and cash equivalents that are exposed to interest rate risk:

	2012 R	2011 R
Within 1 year	44 872 606	23 715 566
1 to 5 years	-	-
	<u>44 872 606</u>	<u>23 715 566</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates to cash and cash equivalents, with all other variables held constant, to the foundation's deficit.

	2012 R	2011 R
Increase in interest rate of 1%	354 098	130 822
Decrease in interest rate of 0.5 %	22 973	(46 839)

#### 20.2 Liquidity risk

The Foundation's risk to liquidity is a result of the funds available to cover future commitments. The Foundation manages liquidity risk through ongoing review of future commitments. Cash flow forecasts are prepared regularly. The table below summarises the maturity profile of the foundation's financial liabilities as at 31 March 2012.

	R Less than 3 months	R 3-12 months	R 91-120 days	R 1-5 years	R Total
2012					
Operating lease liability	-	-	-	699 538	699 538
Financial liability	-	-	-	699 538	699 538
2011					
Operating lease liability	-	-	-	769 781	769 781
Financial liability	-	-	-	769 781	769 781

#### 21. Contingent liabilities

The contingent liability amounts to R19 113 500.

The R7 113 500 relates to the distribution and marketing festivals and R12 000 000 to slate funding. The NFVF approved contracts for a 3 year period but disbursements are dependant on applicant fulfilling conditions of contract. The contracts have deliverables/ milestones which are reported on a periodic basis in order for NFVF to track the progress of the project.





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